April 01, 2025

Mobis India Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short-term Fund-based facilities#	US$ 50 million + Euro 20 million	US$ 50 million + Euro 20 million	[ICRA]A1+; Reaffirmed
Total	**US$ 50 million + Euro 20 million**	**US$ 50 million + Euro 20 million**	

**Instrument details are provided in Annexure-1; #Although the Buyer's credit facilities are denominated in foreign currency, ICRA's rating for the same is on the national scale as distinct from an international rating scale*

Rationale

The reaffirmation of rating for the bank lines of Mobis India Limited (MIL) considers ICRA's expectation of a sustained financial performance in the near to medium term, supported by its strong business profile being a key supplier to Hyundai Motors India Limited (HMIL), its sizeable aftermarket presence and superior liquidity. The company's financial profile remains strong, supported by healthy scale of operations, strong earnings, its debt-free status and superior liquidity with unencumbered cash and bank balance of Rs. 3,936.1 crore as on February 28, 2025. MIL is a wholly-owned subsidiary of Hyundai Mobis Co., South Korea (HMobis), and enjoys strong operational and financial linkages with its parent. The parent is part of the Hyundai Global Group and is a critical component supplier for Hyundai Motor Company, Korea (HMC). In turn, MIL is one of the larger suppliers to Hyundai Motors India Limited (HMIL), a leading player in the Indian passenger vehicle (PV) market.

Apart from direct supply of modules to HMIL, MIL is also a key distributor of aftermarket parts for HMIL and Kia India Private Limited (KIPL) in India. The company's significant contribution from its aftermarket business lends stability to its earnings. MIL's scale remains healthy with revenues of Rs. 15,621.7 crore in 11M FY2025 (annualised growth of 4.3%) supported by HMIL's sales volumes, ramp up in volumes to KIPL, growth in aftermarket business and higher content per vehicle. MIL's operating profit margin (OPM) remains supported by its product mix and localisation measures and was healthy at 12.0% in 11M FY2025.

The rating also considers MIL's high customer concentration with HMIL, and susceptibility of its revenues to the cyclical trends in the auto industry. Nevertheless, MIL's sole supplier status with HMIL, the latter's strong market share in the Indian PV industry (14.3% for 10M FY2025), increasing supplies to KIPL and revenue diversification through aftermarket presence mitigate the risk to an extent. Also, MIL's earnings are vulnerable to fluctuations in foreign exchange (forex) rates in the absence of any hedging policies at the company level in India, although forex hedging at the parent level mitigates the risk to an extent. ICRA expects growth of 4-7% for the domestic PV volumes and 7-9% for auto component aftermarket in FY2026; MIL's revenue growth would be a function of the industry and original equipment manufacturer's (OEM) growth, and increase in content per vehicle. Its margins are also expected to remain stable, supported by healthy content per vehicle and localisation measures. The company is expected to remain net debt negative over the medium term, with cash expected to remain at over Rs. 2,000 crore, despite any significant dividend payouts (FY2024: Rs. 988.6 crore). ICRA would continue to monitor for any change in this, that may have a material impact on the company's cashflows going forward.

Key rating drivers and their description

Credit strengths

Strong financial profile – MIL's scale remains healthy with revenues of Rs. 15,621.7 crore in 11M FY2025, supported by HMIL's sales volumes, ramp up in volumes to KIPL, growth in aftermarket business and higher content per vehicle. MIL's operating profit margin (OPM) remains supported by its product mix and localisation measures and was healthy at 12.0% in 11M FY2025.

Aided by healthy accruals over the years, the liquidity position is superior with unencumbered cash and bank balance of Rs. 3,936.1 crore, as on February 28, 2025 and undrawn working capital lines of ~Rs. 600 crore (nil utilisation during the period March 2024 - February 2025). The company has remained debt free in the last several years and is likely to remain so going forward as well, in the absence of debt-funded capex. The company's financial profile is expected to remain strong over the medium term.

Strong parentage of HMobis, South Korea; strong linkage between HMC Korea and HMobis Korea – MIL is a wholly-owned subsidiary of HMobis and enjoys strong operational and financial linkages with its parent. The parent is part of the Hyundai Global Group and is a large supplier to HMC. In turn, MIL is one of the large, critical component suppliers for HMIL, apart from airbags, audio systems, anti-lock braking systems (ABS) and steering columns to KIPL. MIL enjoys strong technological support from its parent HMobis, whose research and development (R&D) activities are in turn closely linked to that of the R&D plans of HMC.

Significant aftermarket presence provides business stability – The company acts a key distributor of aftermarket parts for HMIL and KIPL in India. Sizeable presence in the aftermarket segment has resulted in stable business for the company, even during periods of OE slowdown, and has aided in healthy growth in revenues over the years. Further, MIL's strong operational linkages with its primary customer, HMIL, a leading player in the domestic PV market, aids in healthy volumes for the company. It is the sole supplier for several components to HMIL (which drove ~56% of MIL's revenue in FY2024).

Credit challenges

High customer concentration – MIL has a high customer concentration with ~56% of its revenues derived from sales to HMIL in FY2024. The rest of its revenues primarily consisted of sales to KIPL, aftermarket sales and R&D services to its parent company (HMobis). While the revenue concentration exposes it to risks arising from underperformance of the top customer or loss of its top client to competition, the risk is partly offset by the company's healthy share of business with HMIL and HMIL's healthy market share in the PV segment; MIL being the key distributor of aftermarket parts for HMIL and KIPL in India; and increase in volumes from KIPL.

Earnings susceptible to inherent cyclicality in the auto industry and unfavourable forex movements – MIL derived ~65% of the revenues in FY2024 from sales to PV original equipment manufacturers (OEM), thus exposing it to the cyclical trends in the auto industry. However, revenue diversification through its aftermarket presence provides comfort. MIL derived ~9% of revenues from exports (including to Middle East, Turkey, United Kingdom and Korea to name a few) while imports constituted ~24% of its raw material cost in FY2024. As a net importer and in the absence of a hedging mechanism at the company level in India, MIL's earnings are vulnerable to unfavourable forex movement. Nevertheless, forex hedging at the parent level mitigates the risk to an extent.

Liquidity position: Superior

The liquidity is superior, supported by its healthy anticipated accruals, unencumbered cash and bank balance of Rs. 3,936.1 crore as on February 28, 2025 and undrawn working capital lines of ~Rs. 600 crore as on February 28, 2025. MIL has remained debt-free in the last several years. As against these sources of cash, MIL has capex plans of ~Rs. 700 crore and ~Rs. 300 crore respectively in FY2026 and FY2027 towards maintenance and capacity enhancement for existing and new products, expected to be funded through internal accruals. Given the high cash and bank balance, strong business accruals, nil term debt repayments, as well as the buffer available in the form of unutilised bank limits, liquidity profile is expected to remain superior going forward, with cash expected to remain at over Rs. 2,000 crore over the medium term, despite any significant dividend payouts (Dividend payout was Rs. 988.6 crore in FY2024). ICRA would continue to monitor for any change in this, that may have a material impact on the company's cashflows going forward.

Rating sensitivities

Positive factors – NA

Negative factors – Negative pressure on MIL's rating could arise in case of any significant weakening in credit profile owing to lower-than-anticipated revenues. Any weakening of operational linkages with the parent company, HMobis, or HMIL, could also impact the rating.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology] [Auto Components]
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the company.

About the company

Mobis India Limited, with presence for close to two decades, is a wholly-owned subsidiary of Hyundai Mobis Co. Limited, Seoul, South Korea. The parent is part of the Hyundai Global Group and is a large supplier to Hyundai Motor Company, Korea. MIL operates in two major business segments - (a) supplier of modular parts assembly, airbags, audio systems, anti-lock braking systems (ABS) and steering columns to HMIL, and airbags, audio systems, ABS and steering columns to KIPL; and (b) distributor of 'Hyundai' genuine spares in the aftermarket and a key distributor of aftermarket parts of KIPL. The modular parts business comprises procuring auto components from tier-2 vendors and assembling modules for HMIL. MIL is one of the larger tier-I suppliers of HMIL under this segment. In the aftermarket business, the company is a key distributor of aftermarket parts for HMIL and KIPL, with warehouses across Chennai, Delhi, Mumbai, Kolkata, Anantapur and Indore. While the modular segment generated ~65% of its overall revenues in FY2024, the spares business contributed ~33%. The balance came from R&D services for its parent, HMobis. The company has also recently commenced electric vehicle (EV) battery pack assembly and motor assembly for HMIL; the revenues from this remain minimal currently.

Key financial indicators (Audited)

Standalone	FY2023	FY2024
Operating income	14,237.7	16,334.4
PAT	1,109.1	1,426.5
OPBDIT/OI	10.8%	12.0%
PAT/OI	7.8%	8.7%
Total outside liabilities/Tangible net worth (times)	0.5	0.5
Total debt/OPBDIT (times)	0.1	0.1
Interest coverage (times)	195.5	131.2

Source: Company, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; Financial ratios in the report are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				Apr 01, 2025	Apr 04, 2024	Apr 06, 2023	-
1	Short- term fund- based facilities #	Short term	US$ 50 million + Euro 20 million	**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**	-

#Although the Buyer's credit facilities are denominated in foreign currency, ICRA's rating for the same is on the national scale as distinct from an international rating scale

Complexity level of the rated instruments

Instrument	Complexity Indicator
Short-term fund- based facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated	Current Rating and Outlook
NA	Fund-based limits	NA	NA	NA	US$ 50 million + Euro 20 million	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

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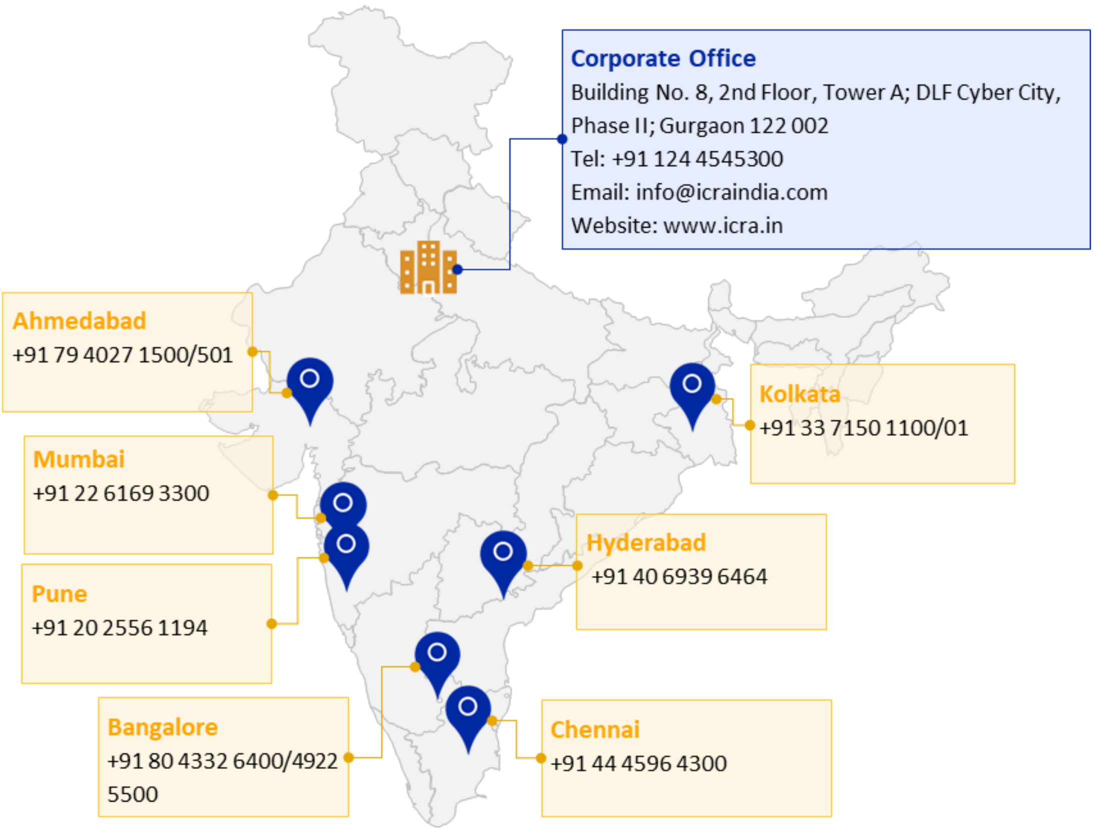

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