

April 15, 2025

Uno Mindarika Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund based – Term loans	80.00	80.00	[ICRA]AA-(Stable); reaffirmed
Long-term/Short-term – Fund based/non-fund-based – Working capital	50.00	62.00	[ICRA]AA-(Stable)/ [ICRA]A1+; reaffirmed and assigned for enhanced limits
Total	130.00	142.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation of Uno Mindarika Private Limited (UMRPL; formerly known as Mindarika Private Limited) continues to factor in the steady operational performance of the entity, aided by its established position as the market leader in the domestic automotive switch segment for passenger vehicles (PVs), its healthy financial risk profile and strong parentage as a joint venture (JV) between Uno Minda Limited (UML; rated [ICRA]AA+ (Stable)/[ICRA]A1+) and Tokai Rika Co. Ltd., Japan (TKC). Strong business profile provides comfort regarding the company's ability to generate healthy cash flows, going forward, which would help it maintain a strong credit profile.

UMPL enjoys 45-50% share in the PV industry for automotive switches (such as lever combination switches/ LCS, power window switches and steering switches). It commands a strong share of business with major PV OEMs, such as Maruti Suzuki India Limited (MSIL), Toyota Kirloskar Motor Private Limited (TKML), Tata Motors Limited (TML; rated [ICRA]AA+ (Stable)/[ICRA]A1+), Renault-Nissan (RN) and Mahindra & Mahindra Limited (M&M; rated [ICRA]AAA(Stable)/[ICRA]A1+), among others. As Tokai Rika holds a 37% stake in the company, UMPL receives technical support that supplements its in-house product development capabilities, helping UMPL adapt to its OEM clients' changing technological requirements.

UMPL continues to maintain a healthy financial risk profile, characterised by robust capitalisation and coverage metrics (Total Debt/OPBDITA at 0.4 times and interest coverage at ~53 times in FY2024). The company recorded revenues of ~Rs. 1,507 crore in FY2024, a ~20% YoY growth. A healthy revenue growth has continued in the current year as well (~11% growth in H1 FY2025 over H1 FY2024). A comfortable liquidity profile characterised by cash and liquid investments of ~Rs. 11 crore and material buffer in the working capital limits (minimal utilisation) as of March 31, 2024, provide additional comfort.

UMPL's capex plans over the near term remain elevated at Rs. 70-80 crore in FY2026, whereas the average capex during FY2020-FY2022 stood at Rs. 25 crore. In FY2024, UMRPL completed phase 1 of the greenfield expansion at its Farukhnagar plant with an expenditure of ~Rs. 110 crore. Further expenditure is being incurred towards phase 2 of the project. While the financial metrics are expected to moderate to an extent as the said capex is being partially funded by debt, the expected cash flows are likely to help it maintain a strong financial risk profile.

The ratings continue to be constrained by the company's high dependence on the domestic PV industry, as more than 95% of its revenue is generated by domestic PV OEMs. UMPL has restricted presence in the commercial vehicle (CV) segment (especially in the goods carrier segment), which has lower content per vehicle and, accordingly, a smaller market size vis-à-vis PVs. In addition, ~60% of UMPL's revenue emanates from MSIL, which results in customer concentration risk. However, a stable and healthy share of business with MSIL, which is a market leader in the PV segment, and strong demand outlook in the domestic PV market in the near term, moderate the risks to an extent. The company is also expected to be shielded from any direct impact from the trade tariffs imposed by the US in April 2025 with more than 95% sales concentrated with domestic

auto OEMs. However, any adverse impact on the domestic passenger vehicle industry may moderate the growth prospects of the company. The JV agreement limits UMPL's scope of expansion, due to which its performance is likely to be highly correlated with the domestic PV industry in the near-to-medium term. Along with the company's sole focus on manufacturing automotive switches, this limits its scale of operations, potentially constraining its top-line growth over the medium term.

The Stable outlook on the long-term rating reflects ICRA's opinion that UMPL will continue to maintain its credit profile (despite elevated capex) aided by expectation of healthy cash accruals, established relationships with clients and expectations of stable share of business with PV OEMs.

Key rating drivers and their description

Credit strengths

Market leader for automotive switches in PV segment with presence across OEMs; healthy share of business with key customers – MRPL is the leader for automotive switches in the PV segment, with an estimated market share of ~50%. Technical support from its JV partner, Tokai Rika, Japan, has helped it in using the latest technology in automotive switches, as well as in maintaining relationships with Japanese OEMs and, thus, stay ahead of competition. MRPL is the largest supplier of automotive switches to MSIL, the market leader in the PV segment in India. It is present in all the OEM's models. The company also enjoys a high share of business with TKML and has significant presence in most models of other key PV OEMs as well.

Strong operational and financial support from parent entities, UML and Tokai Rika, Japan – The company derives operational synergies and financial flexibility from its parent company, UML, and receives technical support from Tokai Rika. Tokai Rika also has representatives on MRPL's board and aids in streamlining the company's production process. UML, a leader in the domestic auto component industry, ensures steady customer base and operational synergies.

Comfortable capital structure and healthy debt protection metrics – UMRPL has healthy coverage and capitalisation ratios, supported by low debt and healthy operating profitability over the years (11.1% in FY2024). The company's revenue rose ~20% to Rs. 1,507 crore in FY2024 from Rs. 1,248 crore in FY2023. The credit metrics remained comfortable with Debt/OPBDITA at 0.4 times and interest coverage at ~53 times in FY2024. Cash and liquid investments of ~Rs. 11 crore and adequate working capital buffer as on March 31, 2024, provide additional comfort despite the company's ongoing capex plans to enhance its manufacturing capacity.

Credit challenges

Limited business diversification – UMRPL has limited business diversification in segment, customer and product profiles. The company derives more than 95% of its revenues from the PV segment, with MSIL accounting for nearly 70%. Almost its entire revenues are generated by automotive switches, exposing UMRPL to product concentration risk. Some of these risks are reduced to an extent by its healthy and stable share of business with its customers and MSIL's position as the market leader in the PV segment.

Limited scope of expansion in overseas markets owing to JV agreement – As per the JV agreement between Tokai Rika and the Uno Minda Group, MRPL is required to obtain a written consent for exporting to countries where Tokai Rika has a direct presence. As Tokai Rika is a global auto-component manufacturer with presence across important markets, there is limited scope for MRPL to expand its international presence. At present, exports account for less than 5% of its total sales and are unlikely to scale up significantly over the medium term.

Liquidity position: Adequate

UMRPL has an adequate liquidity profile, supported by steady cash flow generation, undrawn working capital limits (buffer of ~Rs. 50 crore as on February 28, 2025). The company has capex outgo planned worth Rs. 70-80 crore in FY2026, which is expected to be funded through a mix of debt and internal accruals. Its repayment obligations remain low at ~Rs. 7 crore in FY2026. The company continues to enjoy healthy financial flexibility for being a part of the Uno Minda Group.

Rating sensitivities

Positive factors – Any material diversification of the segment mix or expansion of its product portfolio would be seen as a credit positive for the company. Also, any substantial improvement in revenue and profitability, while maintaining its healthy financial risk profile would be considered favourably for a long-term rating upgrade.

Negative factors – A downgrade in ratings could be triggered if a prolonged slowdown in the PV industry or loss of the company's market share results in a significant deterioration in cash accruals and credit metrics. A higher-than-expected dividend or capex outflow could impact the company's credit metrics and, hence, result in a negative rating action. Total Debt/OPBITDA above 1.5 times on a sustained basis, may result in ratings downgrade. Moreover, weakening in the credit metrics of its parent entities, or a deterioration in the company's linkages with the parent entities, could also exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Parent Companies: UMRPL is a 63:37 JV between the Uno Minda Group and Tokai Rika. The ratings factor in the operational and financial support from its parent companies. The ratings assigned also factor in the very high likelihood of its parent entities extending financial support to UMRPL, out of the need to protect their reputation from the consequences of a Group entity's distress
Consolidation/Standalone	Standalone

About the company

Uno Mindarika Private Limited was established as a 63:37 joint venture between the Uno Minda Group and Tokai Rika Co. Ltd. Japan in 1992. The company is a leading manufacturer of automotive switches such as lever combination switch (LCS), power window switch, oil presser switch, etc. and caters mostly to passenger vehicle (PV) OEMs in India. UMRPL has approximately 50% market share in its addressable product segment and caters to all major PV OEMs in India, including Maruti Suzuki India Limited (MSIL), Mahindra & Mahindra (M&M), Toyota Kirloskar Motors Private Limited (TKML), Honda Cars India Limited (HCIL) and Renault-Nissan (RN), among others. The company has four manufacturing units across Manesar, Chennai, Pune and Gujarat.

After the consolidation exercise, UML became a 51% subsidiary of UML (from 27% as on March 31, 2017), which further strengthened the synergies between the two companies.

Key financial indicators (audited)

UMRPL	FY2023	FY2024	H1 FY2025*
Operating income	1,248.3	1,507.7	808.3
PAT	71.7	100.4	41.9
OPBDIT/OI	10.3%	11.1%	10.0%
PAT/OI	5.7%	6.7%	5.2%
Total outside liabilities/Tangible net worth (times)	0.9	0.8	0.7
Total debt/OPBDIT (times)	0.4	0.4	0.3
Interest coverage (times)	51.9	53.4	32.3

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	April 15, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loans	Long-term	80.00	[ICRA]AA-(Stable)	-	-	Jan-19-24	[ICRA]AA-(Stable)	-	-
Fund based/non-fund-based – Working capital	Long-term and short-term	62.00	[ICRA]AA-(Stable)/[ICRA]1+	-	-	Jan-19-24	[ICRA]AA-(Stable)/[ICRA]1+	Jan-11-23	[ICRA]AA-(Stable)/[ICRA]1+
			-	-	-	-	Nov-28-22	[ICRA]AA-(Stable)/[ICRA]1+	
Fund Based – Working Capital	Long term	-	-	-	-	-	-	Jan-11-23	[ICRA]AA-(Stable)
		-	-	-	-	-	-	Nov-28-22	[ICRA]AA-(Stable)
Non-Fund Based – Working Capital	Short term	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	Nov-28-22	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund Based – Term Loans	Simple
Long Term/Short Term – Fund Based/Non-Fund-Based – Working Capital	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 (Rs. crore)	Current Rating and Outlook
NA	Fund Based – Term Loans	June 2023	-	2028	80.00	[ICRA]AA- (Stable)
NA	Fund Based/Non-Fund-Based – Working Capital	NA	NA	NA	62.00	[ICRA]AA- (Stable)/[ICRA]1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis- Not Applicable

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