September 15, 2026

SEDEMAC Mechatronics Limited (erstwhile SEDEMAC Mechatronics Pvt Ltd): Ratings upgraded, outlook revised to Positive from Stable; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long Term / Short Term- Fund based / Non Fund-based Working Capital Facilities	64.00	104.00	[ICRA]A (Positive) / [ICRA]A1; upgraded from [ICRA]A-(Stable)/ [ICRA]A2+/ assigned for enhanced amount, outlook revised to Positive from Stable	RBI
Long Term- Fund based- Term Loans	49.50	110.95	[ICRA]A (Positive); upgraded from [ICRA]A-(Stable)/ assigned for enhanced amount, outlook revised to Positive from Stable	RBI
Total	**113.50**	**214.95**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The rating upgrade along with revision in the outlook of the long-term rating of SEDEMAC Mechatronics Limited SEDEMAC/the company) favourably considers the significant increase in SEDEMAC's scale of operations in FY2025 and FY2026 as reflected by a healthy 24% and 61% revenue growth in FY2025 and FY2026, respectively, and ICRA's expectation that the revenue growth momentum would sustain, going forward. ICRA also notes the efforts undertaken by the company to gradually achieve higher product and customer diversification over the past two years, through rolling out of new products as well as onboarding of new clients, respectively. SEDEMAC has demonstrated a robust revenue growth momentum over the years (with its revenues demonstrating a compound annual growth rate (CAGR) of 34.5% over the period FY2021-FY2026), aided by increasing penetration of its flagship product – the sensor-less integrated starter generator (ISG) among the domestic two/three-wheeler (2/3W) original equipment manufacturers (OEMs). The company has also developed various other electronics-based products, such as electronic fuel injector (EFI), motor control unit (MCU), and genset controllers (GCU), offering diversification to its product portfolio. ICRA notes the presence of three prominent domestic 2/3W OEMs in SEDEMAC's clientele, translating into a healthy industry presence for the company. With this, the revenue growth momentum is expected to remain healthy, going forward. Aided by the operating leverage benefits and cost optimisation measures undertaken by the company, its operating profit margin (OPM) rose to 21.5% in FY2026 from 19.4% in FY2025, with the expectation of the profitability to remain fairly comfortable (with OPM likely to remain 19-22% over the near to medium term), in line with the expanding scale of operations and widening product portfolio.

The ratings continue to factor in the established presence of SEDEMAC in the niche segment of designing and manufacturing powertrain controllers. SEDEMAC's promoters have a strong background with experience in electronic component designing and manufacturing that spans over 15 years. The deep-rooted business relations developed by the company with its key clients in addition to new client acquisitions, both from automotive and non-automotive sectors, have resulted in a steady ramp-up in the scale of operations over the years. As the company continues to onboard new clients across product categories and sectors, the revenue growth momentum is expected to remain healthy over the near-to-medium term. SEDEMAC's principal product - sensor-less ISG, a device that controls the starting mechanism for small vehicles is one of the key product offerings from SEDEMAC. With the increasing adoption of this device in the automotive industry, particularly among 2W and three-wheeler (3W) OEMs, ICRA expects SEDEMAC to maintain the robust revenue growth momentum, going forward. Further, the

company has also been increasing its presence in other product verticals, such as EV controllers, power tools, ACM controllers genset controllers, battery chargers, actuators, etc., which is expected to provide further momentum to the expansion of revenue base, going forward. ICRA also notes the limited competition faced by SEDEMAC for its principal product in the sensor-less ISG technology, given the patented nature of its products in this category. SEDEMAC's financial profile remains comfortable, aided by comfortable gross margins and healthy accrual generation. Timely equity infusion from promoters and investors in the past has provided support to the capital structure and leverage, with the company's gearing and total debt/OPBITDA remaining healthy at 0.2 times and 0.3 times, respectively, as of March 31, 2026 (previous year [PY]: 0.2 times and 0.5 times, respectively).

The ratings strengths are, however, partially offset by the high customer concentration risk exhibited by SEDEMAC. Its largest customer contributed 77% to revenues in FY2026 (80% in FY2025), exposing it to OEM-specific slowdown risks. The company's active efforts to onboard other customers, from automotive as well as non-automotive sectors, are expected to reduce customer concentration over the medium term and thus provide some comfort against the said risk to an extent. While SEDEMAC's flagship product – sensor-less ISG remains the key revenue contributor for the company, this results in a sizeable operational dependence over a single product. ICRA notes the other products (such as electronic fuel injector / EFI control units, ISG+EFI and EV controllers) being supplied by SEDEMAC. Ramp up in volumes of these products is likely to reduce the company's dependence over its principal product ISGs in the medium term. With a sizeable (over 80%) revenue share from the domestic 2W and 3W automotive clients, SEDEMAC's business profile remains exposed to the inherent cyclicality associated with these underlying markets. ICRA notes the company's extensive dependence on imports of key raw materials (such as semiconductors and passive electronic components) with around 75% of the overall raw material requirement being met through imports, rendering the operations vulnerable to the global supply chain related challenges as well as forex movements. The company's established relationships with the overseas suppliers, however, provide some comfort against the stated risk to an extent.

Key rating drivers and their description

Credit strengths

Established presence in the niche segment of powertrain engine controllers; strong promoter background – SEDEMAC has over 15 years of track record of being operational in the niche segment of electronic controllers used in powertrain engines as well as non-automotive applications such as gensets. The company benefits from the strong technological background of its qualified promoter team, which lends support to client retention as well as new client acquisition. Repeat business from the existing clients as well as onboarding new clients has been reflected in the company's robust revenue growth momentum over the years.

Limited competitive scenario coupled with IP-backed product offerings reflects in healthy margin profile – As SEDEMAC operates in the niche segment of electronic controllers used in the automotive powertrains, the entity faces limited competition in the domestic market, which in turn supports profitability through pricing structure. Moreover, SEDEMAC has developed IP-backed product offerings in the field of sensor-less technology, which has resulted in no material competition in this segment over the years, thus paving way for a steady revenue growth momentum, with the trend likely to continue over the near to medium term supported by onboarding of new OEMs for its sensor-less device, and traction of other product lines.

Increasing adoption of key product offerings likely to maintain the robust revenue growth momentum – SEDEMAC has seen an increasing adoption of its key product offerings in the recent past, which has supported the company's revenue growth trajectory. With several other products (such as EFI, ISG+EFI, MCU, ACM controllers) launched in the recent past, and scheduled to be launched in the near term, incremental revenue contribution from the same is expected to further aid SEDEMAC's revenue growth potential over the long-term.

Comfortable financial profile, healthy gross margins and coverage indicators – SEDEMAC's capital structure is characterized by a comfortable gearing position which stood at 0.2 times as of March 31, 2026 (0.2 times as of March 31, 2025), aided by a steady expansion of net-worth position over the years. ICRA also notes the healthy gross margins demonstrated by the entity

on back of its pricing structure and expanding revenue base. The coverage indicators, backed by healthy profitability, remain fairly comfortable, as reflected by interest coverage ratio which stood at 26.5 times in FY2026 (PY: 10.6 times) and 25.5 times in Q1 FY2027. ICRA expects the company to report operating margins in the range of 18-20% in FY2027, while maintaining steady growth in its top line. Total debt / OPBITDA is expected to remain fairly comfortable (below 1.2 times), supported by healthy expansion in absolute profitability in tandem with increasing scale of operations.

Credit challenges

High customer concentration risk; sizeable operational dependence on a single product – With its largest customer – a leading domestic 2/3W OEM, having contributed to around 77% of its revenues in FY2026 (around 80% in FY2025), SEDEMAC remains exposed to a high degree of customer concentration risk, wherein any operational challenges faced by key client could have a material impact on the business operations of the company. SEDEMAC's deep-rooted relations with this key customer over the years and addition of two of the leading domestic 2W OEMs in its clientele in the recent past, however, provide some comfort against the said risk. In addition, ICRA also notes the sizeable operational dependence of the company on a single product (with this product having contributed 67%-68% of revenues in FY2025-FY2026), making its operations vulnerable to any product-specific slowdown/technological risks. The IP-backed nature of products in this product category, however, mitigates the said risk to an extent. In addition, ICRA notes SEDEMAC's strong product development pipeline, which should translate into revenues in the medium to longer term.

Business operations exposed to the inherent cyclicality associated with the domestic automotive industry – With a sizeable (80%+) revenue share from the domestic 2W and 3W automotive clients, SEDEMAC's business profile remains exposed to the inherent cyclicality associated with these underlying markets. The well-established relations of the company with its key clients coupled with the IP-backed nature of its products leading to the sole/major-supplier status for various products, however, provides some comfort against the said risk.

Extensive dependence on imports for raw material procurement exposing the operations to the global supply chain related issues – Given the nature of industry it operates in, SEDEMAC shows an extensive dependence over imports for raw material procurement (with around 75% of the overall raw material requirement being met through imports, especially for semiconductors and passive electronic components), which exposes the company to the global supply chain related issues – any impact on the procurement channels could therefore affect the business operations to a large extent. The company's well-established relations with its overseas suppliers coupled with sufficient stocking of imported inventory, however, provide some comfort against the said risk. The company uses foreign exchange forward contracts to manage some of its transaction exposure, which coupled with natural hedging due to exports (though not significant) provides further comfort against the said risk.

Liquidity position: Adequate

SEDEMAC's liquidity position remains adequate, as reflected by a comfortable buffer in its undrawn working capital lines (buffer stood at around Rs. 57 crore as of March 31, 2026, and typically maintained at Rs. 50-60 crore) and cash and liquid investments balances of Rs. 65 crores (out of which Rs. 51 crore are earmarked for IPO expenses) as of March 31, 2026. Moreover, comfortable cash flow generation from operations, projected to remain Rs. 120-150 crore per annum over the near to medium term, is expected to provide further comfort to the liquidity profile. Against this, the capex outlay for FY2027 remains Rs. 150-200 crore, while the debt repayment quantum for next 1-2 years stands at Rs. 20-30 crore per annum, which is likely to be met comfortably from steady accruals generation. ICRA also notes that regular infusion of equity from promoters / investors has also extended material support to SEDEMAC's liquidity in the past.

Rating sensitivities

Positive factors – The rating could be upgraded in case of significant scale up in the revenues and earnings of the company, along with diversification in its product and customer profile.

Negative factors – The rating could witness a downward revision in case of any adverse impact on the revenue/ profitability of the company leading to deterioration in debt protection metrics. Further, any sizeable capital expenditure (and the lack of timely and commensurate returns from the same) or higher working capital requirement leading to an adverse impact on the liquidity position of the company can trigger a downward rating revision. Specific credit metrics that could lead to a downward rating pressure would be TD/OPBITDA above 1.8 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of SEDEMAC Mechatronics Limited.

About the company

Incorporated in 2007, SEDEMAC is an innovative controls company engaged in manufacturing of electronic components primarily powertrain controllers for automotive (catering majorly 2W and 3W OEMs), gensets and EVs. The company presently generates over 80% of its revenues from the domestic automotive sector, with the two-wheeler segment being the major contributor. It presently has an installed capacity of about 40,00,000 units per annum, and has two manufacturing plants - one in Chakan and the other one in Dhayari, Pune. The company is presently undertaking capacity expansion drives, and plans to roll out its third plant in the near term. The company's corporate office and R&D centre are located at Baner, Pune. The company was founded by technocrats - Mr. Shashikanth Suryanarayanan, Mr. Amit Dixit and Mr. Manish Sharma who are the alumni of Indian Institute of Technology, Mumbai. SEDEMAC got listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in March 2026.

Key financial indicators

SEDEMAC	FY2025	FY2026	Q1 FY2027*
Operating Income (Rs. crore)	660.3	1,061.1	309.8
PAT (Rs. crore)	47.0	103.6	33.3
OPBDIT/OI (%)	19.4%	21.5%	19.1%
PAT/OI (%)	7.1%	9.8%	10.8%
Total Outside Liabilities/Tangible Net Worth (times)	0.6	0.8	NA
Total Debt/OPBDIT (times)	0.5	0.3	NA
Interest Coverage (times)	10.6	26.5	25.5

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore ; *Result*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortization, NA: Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount Rated (Rs. crore)**	**Sep 15, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Term Loan	Long- term	110.95	**[ICRA]A(Positive)**	20-Jun-25	[ICRA]A-(Stable)	3-Apr-24	[ICRA]BBB+ (Stable)	-	-
Working Capital Facilities	Long-term/ Short-term	104.00	**[ICRA]A (Positive)/ [ICRA]A1**	20-Jun-25	[ICRA]A-(Stable) / [ICRA]A2+	3-Apr-24	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-
Unallocated	Long-term/ Short-term	-	-	-	-	3-Apr-24	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Term Loans	Simple
Long Term / Short Term – Working Capital 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-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook	Financial Sector Regulator#
NA	Term Loan – 1	FY2025	NA	FY2029	5.57	[ICRA]A(Positive)	RBI
NA	Term Loan – 2	FY2024	NA	FY2028	7.31	[ICRA]A(Positive)	RBI
NA	Term Loan – 3	FY2025	NA	FY2032	13.34	[ICRA]A(Positive)	RBI
NA	Term Loan – 4	FY2025	NA	FY2031	84.73	[ICRA]A(Positive)	RBI
NA	Working Capital Facilities	NA	NA	NA	104.00	[ICRA]A(Positive)/ [ICRA]A1	RBI

Source: *Company*

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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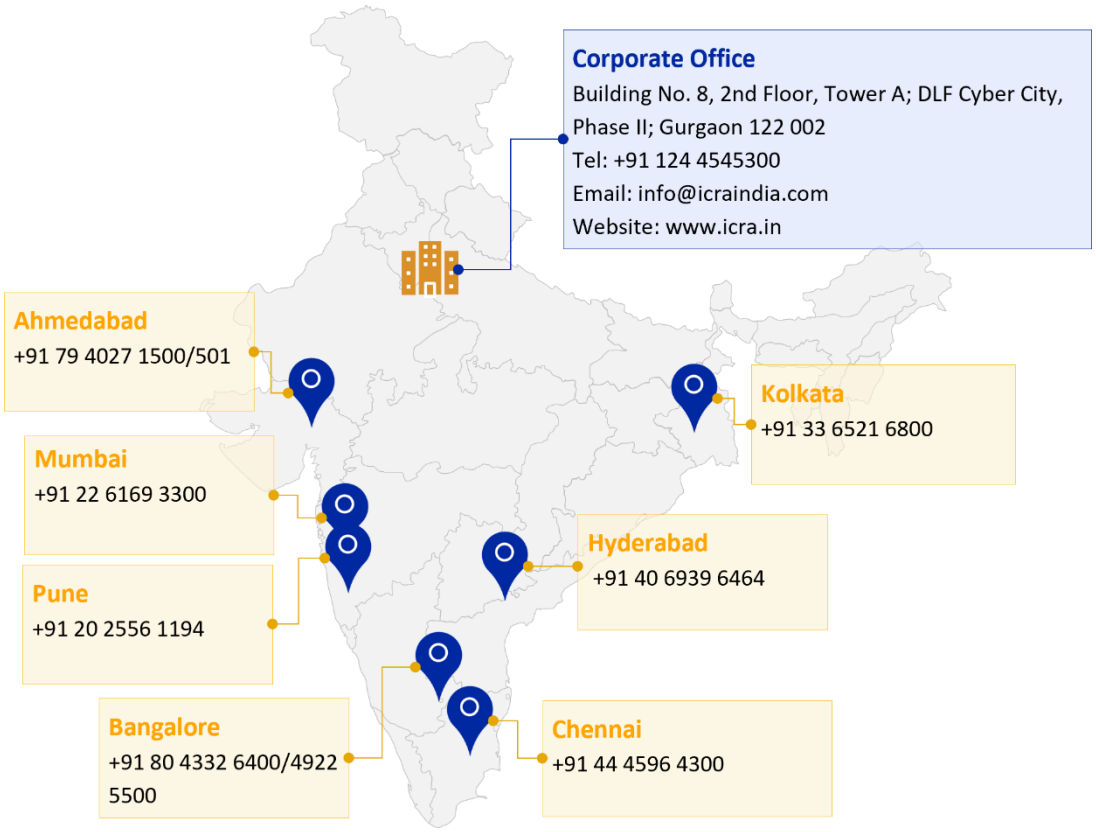
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