

October 14, 2019

Minda Industries Limited: Update on Material Event

Summary of Rated Instrument:

Instrument	Rated Amount(Rs. crore)	Rating Outstanding
Term Loans	185.00	[ICRA]AA(Stable)
Cash Credit Facilities	117.50	[ICRA]AA(Stable)
Non-fund Based Limits	37.00	[ICRA]A1+
Unallocated	10.50	[ICRA]AA(Stable)
Total Bank Lines	350.00	
Commercial Paper Programme	60.00	[ICRA]A1+

Material Event

Minda Industries Limited (MIL) announced to the stock exchange on October 8, 2019 that it has entered into a definitive agreement with the shareholders of Delvis GmbH for acquiring 100% stake in the entity. MIL would be acquiring Delvis GmbH, along with two of its wholly owned subsidiaries – Delvis Products and Delvis Solutions (together referred to as the Delvis Group) for a consideration of Euro 21 million.

MIL plans to acquire 100% stake in a Germany-based automotive lamp engineering and design company, Delvis GmbH, along with two wholly owned subsidiaries, for a consideration of Euro 21 million. Delvis, a Euro 25 million group, is engaged in design, development and manufacturing of lighting solutions for automotive Original Equipment Manufacturers (OEMs) such as Volkswagen, Audi, Porsche, Mercedes Benz and Lamborghini among others. In addition to pre-development and new product development, the Group also provides electronic testing and validation services through Delvis Solutions. The target Group's offering is present across automotive lighting categories, including conventional, LED and laser lights and has presence in both interior and exterior lighting systems. The acquisition is expected to be completed by December 2019, subject to necessary approvals and will be funded through a mix of debt and equity.

Impact of the Material Event

The ratings remain unchanged at the earlier rating of [ICRA]AA (Stable) and [ICRA]A1+. Although incremental debt (yet to be firm up) would be availed for funding the investment, ICRA does not expect significant deterioration of MIL's consolidated credit metrics or financial risk profile because of the same.

The acquisition would enhance MIL's capabilities in the automotive lighting space, especially in passenger vehicle lighting, as well as provide synergies in terms of product portfolio and customer base expansion. It also complements MIL's existing facilities in Spain and Germany (through Rinder Riduco and iSYS RTS GmbH respectively), both of which are also focused on lighting electronics and design.

The previous detailed rating rationale is available on the following link: [Click here](#)

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About ICRA Limited:

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