

Minda Industries Limited

Instrument	Amount (Rs. crore)	Rating Action March 2016
Term Loan Facilities	29.05	[ICRA]A+ &
Cash Credit Facilities	93.50	[ICRA]A+ &
Short Term Non Fund Based Facilities	27.00	[ICRA]A1+ &
Short Term Fund Based Facilities	5.00	[ICRA]A1+ &
Unallocated	2.45	[ICRA]A+ &
Total Rated Amount	157.00	

& refers to Under "Rating Watch with Developing Implications"

ICRA has placed [ICRA]A+/[ICRA]A1+ (pronounced ICRA A plus/ ICRA A one plus) ratings for the Rs.157.0 crore bank facilities of Minda Industries Limited (MIL) on "Rating Watch with Developing Implications"[†].

ICRA has placed the ratings of Minda Industries Limited (MIL) on "Rating Watch with Developing Implications", following the recent announcement by the company to acquire Rinder India Private Limited along with its two foreign group companies in a bid to expand its presence in the automotive lighting segment in India. The total consideration for the aforesaid acquisition is expected to be Euro 20 million and is likely to be funded through a mix of debt and internal accruals. In addition, MIL had recently announced that it will also be acquiring part stake in two parent group companies, namely Minda TG Rubber Private limited (51%) and Kosei Minda Limited (30%) in line with its stated plans of consolidating the groups' auto components business under one entity. ICRA will hold discussions with the company's management to understand the impact of the investments on its business and financial profile and conclude the rating action thereafter.

About the Transaction

MIL has announced the acquisition of 100% stake in Rinder India Private Limited (RIPL), in order to gain from the latter's presence in the domestic two-wheeler and commercial vehicle lighting segment. The consideration for the entire transaction is ~Euro 20 million which also includes RIPL's two foreign group companies Rinder Riduco, S.A.S. Columbia (50% stake) and Light & Systems Technical Center (100% stake). While the former is based out of Columbia and supplies to foreign OEMs, the latter is based in Spain and shall provide technical support for product and design development within the lighting segment.

MIL has recently also acquired stake in sister concerns Minda TG Rubber Private Limited (51% equity stake for Rs. 17.85 crore)[†] and Kosei Minda Limited[‡] (30% equity stake for Rs. 12.28 crore). Minda TG Rubber Private Limited is based out of Bawal, Haryana and shall be manufacturing automotive fuel and brake hoses upon commencement of operations. Kosei Minda Limited is a Chennai based facility involved in the manufacturing of aluminium alloy wheels for four-wheeler vehicles.

The above mentioned transactions are expected to close within a few months subject to regulatory approvals.

Recent Results

In 9M FY 2016, MIL's (standalone) operating income was at Rs. 1,088.2 crore with Profit after Tax (PAT) at Rs. 57.1 crore compared to Rs. 1,013.9 crore and Rs. 50.8 crore respectively in 9M FY 2015.

* 100 lakh = 1 crore = 10 million

[†] For complete rating definition please refer to the ICRA website www.icra.in or any of the ICRA Rating Publications.

[‡] Balance stake held by Toyoda Gosei Co., Ltd.: 44% and Toyota Tsusho Corporation: 5%.

[‡] Balance stake by Kosei Minda Aluminum Co. Ltd.



At a consolidated level, MIL's operating income was at Rs. 1,810.0 crore with Profit after Tax after minority interest (PAT after MI) at Rs. 68.6 crore in compared to Rs. 1,559.3 crore and Rs. 53.7 crore respectively in 9M FY 2015.

Company Profile

Minda Industries Limited (MIL) is the flagship company of the N.K. Minda Group, a group having diversified business interests in the automotive space. Set up in 1958 as a partnership firm, MIL was converted into a public limited company in 1992. The company is engaged in the manufacture of automotive switches (for two-wheelers, three-wheelers, and off-road vehicles) and automotive lighting systems (for two-wheelers, three-wheelers and four-wheelers). Besides, the company has also diversified into the manufacture of horns, automotive batteries, fuel caps, non-auto LED and CNG/LPG kits. The blow moulding division of the company was hived off to form Minda Kyoraku Limited, a JV with the Kyoraku (Japan) in FY12. MIL's customers for automotive switches include Bajaj Auto Limited (BAL), TVS Motors Company (TVS), Hero Moto Corp Limited (HMCL), Honda Motorcycles and Scooters India Limited (HMSI), Suzuki Motorcycles India Private Limited (SMIPL) etc. The company supplies automotive lighting systems mainly to Maruti Suzuki India Limited (MSIL), Tata Motors Limited (TML), Volkswagen India Private Limited (VWI) and General Motors India (GMI). The major customers of horns division include BAL, TVS, HMSI, HMCL and TML. MIL has manufacturing facilities located in India at Sonipat (Haryana), two in Pune (Maharashtra), two in Manesar (Haryana), Aurangabad (Maharashtra), Hosur and Chennai (Tamil Nadu), and Pantnagar (Uttaranchal). The company further acquired Clarton Horn, a Spanish horn manufacturer in April 2013, making it a global player in the horns market for 4W. In July 2015 MIL acquired a 51% stake in group company Minda Vietnam Industries Limited and also increased its stake in an Indonesia based subsidiary PT Minda Asean Automotive from 19% to 51%. While the former sells lights and switches the latter additionally also supplies horns to Asian OEMs. MIL is listed on the Bombay Stock Exchange and the National Stock Exchange. The market capitalisation was Rs. 1,578.2 Crore as on 7th March 2016.

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