

Minda Industries Limited

April 19, 2018

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
Term Loan	9.60	[ICRA] AA (Stable)
Fund Based Limits – Cash Credit	98.50	[ICRA] AA (Stable)
Non-Fund Based Limits	37.00	[ICRA] A1+
Unallocated Limits	11.90	[ICRA] AA (Stable)
Total Bank Loan Facilities	157.00	
Commercial paper programme	30.00	[ICRA] A1+

Material Event

On April 10, 2018, Minda Industries Limited ('MIL') announced to the stock exchange regarding the proposed acquisition of additional stake of 41.67% in TG Minda India Private Limited ('TG Minda'), subject to necessary approvals.

Impact of the Material Event

As per the press release released by the company on the BSE Limited, MIL plans to acquire 41.67% stake in TG Minda for a total consideration of Rs. 136.77 crore¹. Post the acquisition, TG Minda will become a Joint Venture (JV) between MIL and Toyoda Gosei, with MIL holding 47.8% in the JV. This is in line with the ongoing consolidation exercise within the Group and is planned to be concluded by June 2018. The entity in which additional stake is being acquired - TG Minda - is engaged in the manufacturing of airbags, steering wheels with airbags and body sealing for automobiles, primarily supplying to Maruti Suzuki India Limited and Toyota Kirloskar Motors Limited in India.

ICRA takes note of the development and is of the view that the proposed acquisition and its funding mix (to be split equally between long-term debt and internal cash flows) are unlikely to have a material impact on the credit metrics or financial risk profile of the company. With revenues of Rs. 388 crore reported by TG Minda in FY2017, and favourable growth prospects for the entity in light of the tightening safety norms in India, the acquisition is expected to support growth prospects and greater diversification for MIL going forward. ICRA has ratings outstanding of [ICRA]AA (Stable) and [ICRA]A1+ on the various bank facilities and market instruments of the company.

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

¹ Minda Industries Limited plans to acquire 18.33 crore equity shares from Toyoda Gosei Co., Japan, at a consideration of Rs. 7.46 per share or Rs. 136.77 crore. Post the acquisition, MIL's stake in TG Minda will increase to 47.8%.

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