

Minda Industries Limited

February 26, 2019

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
Long-term Fund-based	98.50	[ICRA]AA(Stable)
Term Loans	91.10	[ICRA]AA(Stable)
Short-term non-fund based	37.00	[ICRA]A1+
Unallocated	23.40	[ICRA]AA(Stable)
Commercial Paper	30.00	[ICRA]A1+
Total	280.00	

Material Event

Minda Industries Limited (MIL) announced merger with Harita Seating Systems Limited (HSSL) on February 14, 2019 through a mix of share swap and issuance of non-convertible redeemable preference shares. HSSL is a manufacturer of seating systems for various automotive segments including Commercial Vehicle (CV) and Tractors. The company has a 51% stake in Harita Fehrer Limited (HFL) which is a joint venture with Fehrer Automotive GmbH, Germany, and it caters to the Two-Wheeler (2W) and Passenger Vehicle (PV) segments. After the completion of the transaction, HSSL will be merged into MIL while HFL will become a 51% subsidiary of MIL, with Fehrer retaining its 49% shareholding in HFL.

Impact of the Material Event

The ratings remain unchanged at the earlier rating of [ICRA] AA(Stable)/A1+ because the additional debt (in form of non-convertible redeemable preference shares) from the proposed transaction structure will not lead to a material impact on MIL's credit metrics. Additionally, HSSL has strong financial indicators characterized by large scale of operations, healthy profit margins and absence of any long-term borrowings. Accordingly, ICRA expects MIL to maintain its strong credit indicators after the merger with HSSL.

The merger is expected to expand MIL's product portfolio and increase its content per vehicle in the various automotive segments HSSL and HFL are present in. MIL expects to leverage its strong relationship with other auto OEMs to expand the seating business and expand its footmark to the PV seating systems business.

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

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