

January 27, 2025

<p>The Officer-In-Charge (Listing) Listing Department National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: MINDACORP</p>	<p>Head - Listing Operations, BSE Limited, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001 Scrip Code: 538962</p>
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Sub: Information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Re-affirmation of Credit Rating and revision of outlook of Minda Corporation Limited by CRISIL

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to inform that CRISIL has re-affirmed the credit rating and revision of outlook of Minda Corporation Limited as follows: -

Minda Corporation	Previous Rating	Ratings reaffirmed, Outlook Revised
Long Term Rating	CRISIL AA-/ Stable	CRISIL AA-/ Positive
Short Term Rating	CRISIL A1+	CRISIL A1+

The rating letter received from CRISIL is attached. The above information will also be available on the website of the Company at <https://sparkminda.com/>.

You are requested to please take on record our above said information.

Thanking you,

For Minda Corporation Limited

Pardeep Mann
Company Secretary
Membership No. A13371

Minda Corporation Limited (Group Corporate Office)

CIN: L74899DL1985PLC020401

D-6-11, Sector 59, Noida – 201301, U.P., India

Tel: +91-120-4787100; Fax: +91-120-4787201

Registered Office: A-15, Ashok Vihar, Phase-I, Delhi-110052

Website: www.sparkminda.com; Email: investor@mindacorporation.com

Rating Rationale

January 24, 2025 | Mumbai

Minda Corporation Limited

Rating outlook revised to 'Positive'; Ratings Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.500 Crore
Long Term Rating	Crisil AA-/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)
Short Term Rating	Crisil A1+ (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has revised its outlook on the long-term bank facilities of Minda Corporation Limited (MCL; part of the MCL group) to **'Positive'** from 'Stable' while reaffirming the rating at **'Crisil AA-'**. Rating on the short-term bank facilities has been reaffirmed at 'Crisil A1+'.

The revision in outlook reflects Crisil Ratings' expectation of a continued improvement in the group's business risk profile driven by its strong market position in the automotive (auto) component industry, the diversified product offerings and marquee customer base in the domestic market. Minda Group is one of the largest players in India in security systems for two-wheelers and a leading player in the wire-harnessing segment for two-wheeler, three-wheeler and commercial vehicles. The group's market position will further strengthen, supported by continuous innovation being undertaken for various product segments and its long-standing relationships with marquee customers.

During H1-FY25, the group has achieved revenue of around Rs.2482 crore, reporting ~9% year-on-year growth against Rs.2270 crore during H1-FY24. Group is expected to clock revenue of Rs. 4900-5000 crore for full fiscal 2025 (Rs. 4652 crores in fiscal 2024) and is expected to grow at 6-8% in fiscal 2026. The growth will be supported by the addition of new customers and products, premiumization across products, leading to an increase in kit value and increasing business with existing customers. Group's operating margin improved to 11.2% during H1-FY25 as against 10.8% during H1-FY24 aided by favorable product mix, increasing efficiencies via low-cost automation and component localization initiatives. Operating margins are expected to remain around 11.0-11.5% for the full year 2025 and 2026.

The financial risk profile of the group continued to remain comfortable with strong estimated net worth of over Rs. 2000 cores in fiscal 2025 with gearing levels expected to maintain below 0.5 times in last 4 fiscal ending 2025. Crisil also take in to account the recent strategic investment made by the group to acquire 49% stake (At enterprise value of Rs. 3100 crores and equity value at Rs. 2800 crores) in Flash Electronics (India) Pvt. Ltd. (Flash) which is engaged in manufacturing of powertrain and EV components. Through this investment, MCL will be able to offer complete solutions to its customers which will increase the wallet share for Minda group. The partnership will also enable these two companies to enhance their competitive edge and expand into new markets. Despite the large investment made by the group the gearing levels is not expected to go above 0.60 times, which remains comfortable for the rating category.

The ratings continue to reflect the group's established market position in India's auto components industry, backed by a diversified product portfolio and healthy relationships with leading Original Equipment Manufacturers (OEMs) in two-, three-, and four-wheeler segments. The ratings also factor in its healthy financial risk profile. These strengths are partially offset by susceptibility to volatility in raw material prices and pricing pressure from OEMs, and to inherent cyclical in the auto industry.

Analytical Approach

For arriving at its rating, Crisil Ratings has combined the business and financial risk profiles of MCL, its subsidiaries and step-down subsidiaries - including Almighty International PTE (Singapore), PT Minda Automotive (Indonesia), Minda Vietnam Automotive Company Ltd, Minda Instruments Ltd, Spark Minda Green Mobility System Private Limited and Joint venture Minda VAST Access System Pvt Ltd, Minda Infac Private Limited. All the entities, collectively referred to as the Minda group, have significant business and financial linkages and are controlled by common management.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation

Key Rating Drivers & Detailed Description

Strengths:

Established market position in the auto component sector: The promoters have an experience of over 6 decades in the automotive component industry. During these years, the group has continuously strengthened its business risk profile by

ensuring close proximity to its customers, majorly OEMs. Group has 34 facilities across the globe with majority of them located in India. It is because of this strong presence that the group has been able to establish itself in the market over the years. Group is currently one of the largest players in India in security systems for two-wheelers and leading player in the wire-harnessing segment for two-wheeler, three-wheeler and commercial vehicles. The group is expected to continue to improve its market position supported by continuous innovation being undertaken for various product segments. The group has leveraged this market position, enabling it to grow at a much higher growth rate than the industry growth rate. The group also has technology tie-ups with Sanco Connecting Technology, HSIN Chong Machinery Works Co. Ltd., INFAC Elecs, Ride Vision, EVQPOINT Solutions Private Limited, Stoneridge Inc. and Daesung Eltec Co. Ltd. The strategic investment in Flash will enable to unlock synergies across adjacent product portfolio viz. Body electronics' and Powertrain electronics offering complete system solution across vehicle segments. A continued improvement in business risk profile arising from a diversified product profile, strong relationships with customers as well as from the strategic partnership with Flash will remain a key monitorable.

Diversified product, segment and customer profile: Group has a well-diversified product profile and has healthy relationships with its customers. The products cater to the two-wheeler, three-wheeler, commercial vehicle, four-wheeler, and replacement market segments, resulting in a diversified customer and segment base. There is no single OEM contributing more than 15% of the group's revenue. Moreover, past association with global OEMs through overseas entities has resulted in revenue generation for certain components in the domestic market. Geographically, it derives around 85-87% of its revenue from India and the remaining from exports to geographies that include South-East Asian, European and North American markets. The group's client base is diverse with the top three customers together contributing to about 30-35% of the total revenue in fiscal 2024. The group's presence in emerging technologies and technologically-advanced products, will enable it to further diversify its business risk profile. A sizeable contribution from these emerging areas will remain a key monitorable.

Strong financial risk profile: The debt levels are expected to increase in fiscal 2025 owing to increase in long-term loan and working capital limits utilized for funding the investment in Flash. Nonetheless, group has a strong networth, expected to be over Rs 2000 crore for the year ending March 31, 2025 (Rs 1818 crore as on March 31, 2024). Consequently, gearing is low, expected to be around 0.5 time for the year ending March 31, 2025 (0.19 time as on March 31, 2024). Going forward, the gearing is expected to rebound to previous levels supported by the healthy accretion to reserves and yearly debt repayments. Minda group has strong debt protection metrics, with expected interest coverage of more than 8 times and net cash accruals to adjusted debt (NCAAD) ratio of ~0.4 time for fiscal 2025. Any additional funding taken for any organic or inorganic growth impacting the overall capital structure will remain a key monitorable.

Weaknesses:

Vulnerability to volatility in raw material prices and pricing pressure from OEMs: The operating margin remains susceptible to volatility in raw material prices and pricing pressure from OEMs. Majority of group's raw materials consists of base metals i.e. copper, aluminium, zinc, and group also imports ~20% of its raw materials, which exposes it to fluctuations in forex rates. Also, frequent changes in input prices make it difficult for auto component manufacturers to pass on any rise in cost immediately to customers. The group has moderate flexibility to increase product prices through negotiation with end users during any increase in raw material prices. Volatility in operating margin has been limited due to ability to pass-on absolute increases in commodity prices to customers and other cost-efficiency measures implemented.

Susceptible to inherent cyclicality in the auto industry: The automobile industry is highly susceptible and sensitive to macro-economic events, which have a strong bearing on consumer demand. The same is evidenced by the downturn witnessed in fiscal 2020 and 2021 due to factors such as, transition to BS-VI emission norms, ABS norms implementation, rising fuel prices, increase in interest rates, COVID-19 pandemic induced slowdown, etc. As a result, consumer demand for discretionary consumption items witnessed slowdown, which in turn resulted in de-growth of production volumes. Hence, the group's performance remains vulnerable to economic downturns largely related to macro-economic factors.

Liquidity: Superior

Group is expected to generate healthy net cash accruals in the range of Rs.390 crore to Rs 450 crore annually which will adequately cover yearly debt repayment obligations of Rs.60-80 crore. Bank limits were utilized at an average of 60% for the last 12 months ending September-2024. Minda has been able to maintain liquidity in form of fixed deposits and investments in mutual funds. As on Sep 30, 2024, group had liquid funds of around Rs. 560 crores which were deployed to fund the strategic investment in Flash. As on March 31, 2025, the liquid funds are expected to reduce as these have been deployed for funding the investment in Flash. However, the liquidity is expected to gradually build up over the medium term.

Outlook: Positive

Crisil Ratings believes that healthy and sustained growth in revenue along with sustenance of operating margin will strengthening the credit risk profile over the medium term.

Rating Sensitivity Factors

Upward Factors

- Revenue of more than Rs. 5000 crores, and operating profitability sustaining at around 11%, leading to healthy net cash accruals.
- Prudent working capital management and sustained strong financial risk profile with debt to EBITDA below 2 times.

Downward Factors

- Substantial decline in scale of operations and decline in operating probability below 9% leading to lower than anticipated net cash accruals.
- Large debt-funded capital expenditure, or acquisition or substantial increase in working capital cycle weakening the financial risk profile, especially liquidity.

About the Group

MCL, based in Noida, was incorporated as Minda Switch Auto Ltd in 1985 and got its current name later. It is the flagship company of the Spark Minda group.

The MCL group manufactures auto components for major OEMs in the two-wheeler, passenger vehicle, and commercial vehicle segments in the domestic and international markets. The group also supplies to the replacement market. Key products include locksets, door handles, wiring harnesses, instrumentation clusters, plastic interior systems and sensors in the domestic market and international market.

MCL is listed on the National Stock Exchange and Bombay Stock Exchange. Minda group is promoted by Mr. Ashok Minda (Chairman) and Mr. Aakash Minda (ED-Group Finance & Strategy)

Key Financial Indicators: Consolidated*

As on/for the period ended March 31	Unit	FY24	2023
Operating income	Rs.Crore	4,652	4,299
Reported profit after tax (PAT)	Rs.Crore	228	265
PAT margin	%	4.89	6.63
Adjusted debt/adjusted networth	Times	0.19	0.39
Interest coverage	Times	9.04	11.02

*Crisil Ratings adjusted figures

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

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Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Fund-Based Facilities	NA	NA	NA	316.00	NA	Crisil AA-/Positive
NA	Non-Fund Based Limit	NA	NA	NA	154.00	NA	Crisil A1+
NA	Term Loan	NA	NA	31-Mar-27	30.00	NA	Crisil AA-/Positive

Annexure - List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Minda Corporation Limited	Full	Holding company
Minda VAST Access Systems Private Limited	Partial	Joint venture – 50% held by Minda Corporation Ltd
Spark Minda Green Mobility System Private Limited	Full	Subsidiary of Minda Corporation Ltd
Minda Infac Private Limited	Partial	Joint venture – 51% held by Minda Corporation Ltd
Minda Instruments Ltd	Full	Subsidiary of Minda Corporation Ltd
Almighty International PTE	Full	Subsidiary of Minda Corporation Ltd
PT Minda Automotive Indonesia	Full	Subsidiary of Almighty International PTE
Minda Vietnam Automotive Company Ltd	Full	Subsidiary of Almighty International PTE

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2025 (History)		2024		2023		2022		Start of 2022
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	346.0	Crisil AA-/Positive	--	--	05-03-24	Crisil AA-/Stable	24-02-23	Crisil AA-/Stable	06-12-22	Crisil AA-/Stable	Crisil A+/Positive
Non-Fund Based	ST	154.0	Crisil A1+	--	--	05-03-24	Crisil A1+	24-02-23	Crisil A1+	06-12-22	Crisil A1+	Crisil A1+

Facilities

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Fund-Based Facilities	73	Standard Chartered Bank	Crisil AA-/Positive
Fund-Based Facilities	100	Kotak Mahindra Bank Limited	Crisil AA-/Positive
Fund-Based Facilities	143	HDFC Bank Limited	Crisil AA-/Positive
Non-Fund Based Limit	50	Kotak Mahindra Bank Limited	Crisil A1+
Non-Fund Based Limit	50	Standard Chartered Bank	Crisil A1+
Non-Fund Based Limit	4	HDFC Bank Limited	Crisil A1+
Non-Fund Based Limit	50	IndusInd Bank Limited	Crisil A1+
Term Loan	30	Kotak Mahindra Bank Limited	Crisil AA-/Positive

Criteria Details

Links to related criteria

[CRISILs Approach to Financial Ratios](#)
[Rating criteria for manufacturing and service sector companies](#)
[CRISILs Bank Loan Ratings - process, scale and default recognition](#)
[Rating Criteria for Auto Component Suppliers](#)
[CRISILs Criteria for rating short term debt](#)
[CRISILs Criteria for Consolidation](#)

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