

Motherson Sumi Wiring India Ltd — 01 Oct 2025 Credit Rating Summary

As an equity-focused credit analyst, here is the summary of the credit rating report for **Motherson Sumi Wiring India Limited (MSWIL)**.

Section	Details
Agency	CRISIL
Rating Change	Reaffirmed (Long Term: AA+
Outlook (Current vs Previous)	Stable vs Stable
Key Drivers of Change	Market Dominance: Revenue grew ~12% to ₹9,301 Cr (FY25) from ₹8,300 Cr; leading market position in domestic wiring harness. Premiumization & SUVs: Higher SUV mix and EV content driving 8–10% projected revenue growth for FY26. Localization Gains: Operating margins expected to sustain at 11–12% due to localized component manufacturing. Pristine Balance Sheet: Near debt-free status (Gearing <0.1x) with exceptional Interest Coverage (40.8x).
Rated Instruments	• Fund Based (CC/WCDL/OD): ₹450 Cr
Key Observations	• High Capacity Utilization: 3 new plants (Pune, Gujarat, Haryana) operating at 80–90% utilization. • Cash Flow Strength: Expected annual cash accruals of >₹500 Cr vs modest capex of ₹200–220 Cr. • Dividend Policy: High payout (>40%; ₹574 Cr in FY25) signals strong liquidity and limited inorganic reinvestment needs. • Parentage: Benefits from technical/operational support of SAMIL (33.4%) and Sumitomo Wiring Systems (25.3%). • Risk - Product Concentration: 100% revenue from a single product line (wiring harnesses). • Risk - Geography: Entirely domestic-focused; highly sensitive to Indian auto-sector cyclicity.
Investor Impact	• Growth: Organic growth tied to "content per car" increase; EV transition is a tailwind. • Margins: Resilient due to backward integration with parent (SAMIL). • Leverage: Zero dilution risk; expansion is entirely self-funded. • Capital Allocation: Shift toward high dividends as market dominance limits large-scale domestic acquisitions.
Agency / Cross Analysis	Same Agency: Reaffirmed at AA+/Stable. Since the July 2024 review, revenue scale has increased (~12%) and liquidity has strengthened (Cash balance ₹238 Cr). The outlook remains Stable as the company maintained its 11%+ EBITDA margin despite inflationary pressures. Conclusion: Improvement. Financial metrics (Interest coverage 40.8x) are significantly stronger than the typical AA+ benchmark, suggesting a potential future upgrade if product/geographic diversification increases.
Final Inference	Low-risk "Cash Cow" with premiumization tailwinds. MSWIL is a high-quality play on Indian auto volumes; while product concentration is a structural bottleneck for a 'AAA' rating, the debt-free status makes it a safe-haven equity in a cyclical sector.