August 17, 2026

To,
BSE Limited,
Corporate Relations Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Scrip code: 544723

To,
National Stock Exchange of India Limited,
Listing Department,
Exchange Plaza, 5th Floor, Plot No. C/1,
G block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051
NSE Symbol: SEDEMAC

Dear Sir/Madam,

Sub: Intimation - India Ratings Upgrades Bank Loan Facilities to 'IND A'/Stable

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We hereby inform you that India Ratings & Research has upgraded and assigned the Company's bank loan facilities rating as follows:

Facilities	Amounts (INR Million)	Rating / Outlook	Rating Action
Bank Loan Facilities	1,130.9	IND A/Stable/IND A1	Long-term Rating Upgraded; Short-term Rating Affirmed
Bank Loan Facilities	1,018.6	IND A/Stable/IND A1	Assigned

Enclosed herewith is the press release issued by India Ratings & Research dated August 17, 2026.

You are requested to kindly take note of the same.

Thanking you,

For SEDEMAC Mechatronics Limited
(Formerly SEDEMAC Mechatronics Private Limited)

Prasad Rajendra Chavan
Digitally signed by Prasad Rajendra Chavan
Date: 2026.08.17 19:50:12 +05'30'

Prasad Rajendra Chavan
Company Secretary and Compliance Officer
Membership No.: A49921

Encl: As above

India Ratings Upgrades Sedemac Mechatronics' Bank Loan Facilities to 'IND A'/Stable; Rates Additional Limits

Aug 17, 2026 | Sedemac Mechatronics Limited (Formerly Sedemac Mechatronics Private Limited) | Auto Components & Equipments

India Ratings and Research (Ind-Ra) has upgraded Sedemac Mechatronics Limited's (SML) bank loan facilities' long-term rating to 'IND A' from 'IND A-' with a Stable Outlook, while affirming the short-term rating at 'IND A1'. The detailed rating actions are as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Size of Issue (INR million)	Rating Assigned along with Outlook/Watch	Rating Action
Bank loan facilities	RBI	-	-	1,130.9	IND A/Stable/IND A1	Long-term Rating Upgraded; Short-term Rating Affirmed
Bank loan facilities	RBI	-	-	1,018.6	IND A/Stable/IND A1	Assigned

Analytical Approach

Ind-Ra continues to take a standalone view of SML to arrive at the ratings.

Detailed Rationale of the Rating Action

The rating upgrade reflects the sustained and continuous improvement in SML's revenue and EBITDA over FY25-FY26, which is likely to continue in FY27 led by strong order flows from new and existing customers, new product launches, and innovative technology solutions. The upgrade also factors in the company's strong credit metrics over FY25-FY26, which is likely to continue in the near to medium term led by healthy cash accruals, with limited reliance on debt for funding capex. The ratings, however, are constrained by product and customer concentration risk as well as technological obsolescence risk.

List of Key Rating Drivers

Strengths

- Strong business profile; innovative technology with patented products and limited competition
- Improvement in scale of operations with healthy order flows from existing and new customers
- FY26 EBITDA margin improved with strong ROCE; likely to sustain in near to medium term
- Sustained strong credit metrics

- Continuous capex supporting expansion plans

Weaknesses

- Customer and product concentration risk
- Dependence on imported raw materials; forex risk
- Technology obsolescence risk

Detailed Description of Key Rating Drivers

Strong Business Profile; Innovative Technology with Patented Products and Limited Competition: SML manufactures sensor-less controllers for powertrain engines of two wheelers (2Ws) and three wheelers (3Ws) using a unique and patented technology. Its principal product, integrated starter generator (ISG), is a replacement of the traditional starter motor system used in 2Ws and uses a single compact fitting instead of multiple fittings used earlier. The company's product portfolio also consists of controllers for electric fuel injections (EFI) used in both internal combustion engines (ICE) and gensets; it has expanded to a combination of ISG + EFI for ICE 2Ws/3Ws as a cost-effective solution. Furthermore, the company has launched motor control units (MCUs) for electric (e)-2Ws/3Ws. The company spends 7%-8% of its revenue on R&D, which supports innovative product launches. SML's sensor-less technology has created a high demand for its products while maintaining healthy margins.

SML is also gradually entering new product segments such as power tools and after treatment control module (ACM) controllers. The management believes these products could gradually become a major revenue source after launch. The company's products face some competition from traditional motor controllers; however, SML has been able to successfully capture market for its products.

Improvement in Scale of Operations with Healthy Order Flows from Existing and New Customers: SML derives most of its revenue by selling its principal products, which are used primarily in 2W and 3W ICE engines. The company's revenue posted a CAGR of 35% over FY21-FY26 to INR10,584 million (FY25: INR6,584 million; FY24: INR5,307 million), mainly led by a 53% yoy increase in sales volume in FY26 for its core products (ISG and EFI) to 3.42 million units (2.23 million; 1.90 million) along with increased MCU volumes. Furthermore, SML's revenue grew 43% yoy to INR3,098 million in 1QFY27 (1QFY26: INR2,174 million). The increase in sales volume was led by the widespread adaption of SML's sensor-less ISG systems supported by the addition of ISG + EFI product category, ramp-up in MCU sales in the electric vehicle (EV) segment and launch of EFI controllers in the U.S. genset market. The company's revenue surpassed the 2W/3W industry volume growth during FY25-FY26.

Ind-Ra expects revenue growth to continue in the near to medium term with an uptick in rural demand leading to growth in the 2W segment, along with an increasing demand of SML's products from the existing and new customers. The revenue growth would also be aided by demand for newly launched products for the e-2W and e-3W segments, as demand for EVs pick up in the medium term.

FY26 EBITDA Margins Improved with Strong ROCE; Likely to Sustain in Near to Medium Term: SML's margins improved sequentially to 20.5% in FY26 (FY25: 18.4%; FY24: 14.7%), led by increased volumes and scale coupled with lower raw material costs due to better pricing negotiations. The absolute EBITDA increased to INR2,169 million in FY26 (FY25: INR1,209 million; FY24: INR779 million) due to an improvement in product design, which resulted in lower raw material consumption and better absorption of overheads costs. The EBITDA margins moderated slightly to 19.1% 1QFY27 (1QFY26: 19.8%), led by some pressure on raw material prices; however, in absolute terms, the EBITDA increased to INR592 million (INR431 million). Ind-Ra expects the margins to remain at similar levels in the near to medium term, led by continued scale benefits.

SML's ROCE improved to 36% in FY26 (FY25: 24%, FY24: 17%) due to an increase in earnings led by the increasing scale. Ind-Ra expects the ROCE to sustain at similar levels in the near term; however, a slight moderation is likely due to large capex planned over FY27-FY28.

Sustained Strong Credit Metrics: The company's credit metrics improved significantly in FY26 with the gross interest coverage (operating EBITDA/gross interest expense) reaching 25.4x (FY25: 10.0x; FY24: 2.0x) and the net adjusted leverage (net debt including leases/operating EBITDA) 0.3x (0.3x; 2.1x), mainly due to an increase in the absolute EBITDA and strong cash generation. The company's gross interest coverage was strong at 25.5x in 1QFY27 (1QFY26: 17.7x), while the net adjusted leverage moderated to 0.8x (0.2x), led by an increase in the short-term debt for working capital management. Ind-Ra expects the debt levels to increase in the near to medium term, led by working capital management needs along with the company availing its sanctioned term loan for capex. Despite the likely increase in SML's gross debt, the credit metrics are likely to remain strong in the near to medium term, backed by healthy cash accruals and strong EBITDA levels.

Continuous Capex Supporting Expansion Plans: SML has a track record of continuously investing in fixed assets for meeting customer demand. The company undertook capex of around INR1,386 million in FY26 (FY25: INR569 million; FY24: INR383 million) for setting up plant & machinery at its existing and the new Chakan plant, as well as for the Hosur plant land acquisition. The company plans additional capex of INR1,000 million-1,500 million each during FY27 and FY28 at its new plants in Chakan and Hosur, funded through a mix of external debt and internal accruals. SML already has a leased facility in Chakan, Pune, and another small unit in Pune for manufacturing some automobile products, such as flasher and other allied products, which have high volumes but limited revenue contribution. The majority of FY27 capex shall be on the new Chakan plant, with operations gradually beginning from mid-FY27, for which the company has tied up a debt of INR700 million. Furthermore, the new Hosur plant shall be set up on SML's own land with capacities for similar products along with a focus on EVs. The management expects the Hosur plant expansion in a phased manner, with full-scale operations likely to begin after two to two and a half years from now.

Customer and Product Concentration Risk: SML's revenue profile is constrained due to a high customer concentration as it derives 77%-80% of its income from a single customer and the rest from a few key customers. The high customer concentration makes the company's revenue growth and profitability dependent on its key customers' future growth plans. SML, however, mitigates this risk by onboarding new customers each year, with the contribution from new and existing customers (except the largest) in revenue gradually increasing over the past few years. Furthermore, the company's expansion into new product segments is likely to reduce the customer concentration risk gradually.

It derives around 75% of its revenue from the two key product segments, ISG and gensets controllers. Thus, the company's ability to diversify its customer base and revenue stream remains critical. To address this, SML has taken positive steps by expanding its product segments into EVs and onboarding more OEMs. Furthermore, the company remains concentrated towards the 2W/3W segment with around 86% revenue share in FY26. However, it is gradually expanding into new product segments such as ACM controllers (LCV) and power tools (industrial).

Dependence on Imported Raw Materials; Forex Risk: SML's key raw materials include electronic components such as MOSFETs, semiconductors, printed circuit boards (PCBs), etc., which are primarily imported from Singapore, with overall imports representing around 70% of total purchases. The company's dependence on imported raw materials exposes the margins to fluctuations in forex rates. To mitigate the forex risk, SML has arrangements with its key customers for passing on the forex impact on import purchases on a quarterly basis. However, its import dependence is likely to continue in the near to medium term due to increasing volumes and the industry's nature.

Technology Obsolescence Risk: SML's nature of operations makes it susceptible to inherent risk of technological obsolescence. The company, however, mitigates this risk by constant investments in R&D and continuous product development and innovation.

Liquidity

Adequate: SML had a cash balance of INR100 million in FY26 excluding the amount earmarked for IPO expenses (FYE25: INR250 million). Furthermore, the company has access to fund-based limits of INR1,040 million (increased in May 2026 from INR640 million earlier), with an average utilisation of 16.6% for the 12 months ended May 2026. The utilisation of fund-based limits ranged 58%-60% over April-May 2026 and is likely to have remained similar over June-July 2026. The company's non-fund-based limits are fungible, and the utilisation has been almost negligible over the past 12 months ended May 2026.

As per Ind-Ra's calculation, SML's net working capital cycle reduced to 39 days in FY26 (FY25: 68 days; FY24: 60 days), largely due to an increase in payable days to 98 (58; 62), resulting from the increased procurement of raw materials to meet demand. The receivable days increased to 46 in FY26 (FY25: 24; FY24: 19), as SML had to opt out of the bill discounting facility for one of its key customers. The receivable days are likely to fall back to the historical levels of 30-35 days from FY27, as the company has opted for a new bill discounting facility from one of its banks on a recourse basis. Ind-Ra expects the working capital cycle to remain between 50-55 days during FY27. SML's cash flow from operations increased to INR1,197 million in FY26 (FY25: INR793 million; FY24: INR477 million), driven by healthy EBITDA, partially offset by unfavourable working capital changes. The free cash flow, however, turned negative at INR188 million in FY26 (FY25: INR224 million; FY24: INR94 million), primarily due to increased capex.

Ind-Ra expects SML's free cash flows to improve over FY27-FY28, supported by an increase in operating cashflows. The management expects to incur capex of INR1,000 million–1,500 million over FY27-FY28 for setting up the new plants at Chakan and Hosur, funded through a mix of external debt and internal accruals. Furthermore, the company has debt repayment obligations of around INR136 million in FY27 and INR150 million in FY28, which will be met through internal accruals.

Rating Sensitivities

Positive: A substantial improvement in the scale of operations and profitability, along with revenue diversification while maintaining the credit metrics will be positive for the ratings.

Negative: Substantial deterioration in the scale of operations or profitability or liquidity or any debt-led capex leading to the net leverage exceeding 2.5x, on sustained basis, will be negative for the ratings.

Any Other Information

Not applicable

About the Company

Incorporated in July 2007, SML manufactures controllers for powertrain engines and genset controllers. It was founded by Shashikanth Suryanarayanan, Amit Dixit, and Manish Sharma. The company has an installed capacity of 43,00,000 units. It has two plants: one in Chakan and the other in Dhayari, Pune. The company's corporate office and R&D centre are located in Baner, Pune.

Key Financial Indicators

Particulars (INR million)	FY26	FY25
Revenue	10,584	6,584
EBITDAR	2,169	1,209
EBITDAR margin (%)	20.5	18.4
Gross interest coverage (x)	25.4	10.0
Net leverage (x)	0.3	0.3
Source: SML; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (INR million)	Current Rating/Outlook	Historical Rating/Outlook			
				27 June 2025	30 July 2024	22 September 2023	8 June 2023
Issuer rating	Long-term	-	-	-	-	WD	IND BBB/Positive
Bank loan facilities	Long-term/Short-term	2,149.5	IND A/Stable/IND A1	IND A-/ Stable/INDA 1	IND BBB+/Positive/IND A2+	-	IND BBB/Positive /IND A2

Bank wise Facilities Details

The details are as reported by the issuer as on (17 Aug 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Citibank N.A.	Fund Based Working Capital Limit	150	IND A/Stable / IND A1
2	HDFC Limited	Fund Based Working Capital Limit	480	IND A/Stable / IND A1
3	ICICI Bank	Fund Based Working Capital Limit	150	IND A/Stable / IND A1
4	IndusInd Bank Limited	Fund Based Working Capital Limit	160	IND A/Stable / IND A1
5	Yes Bank Ltd	Fund Based Working Capital Limit	100	IND A/Stable / IND A1
6	Citibank N.A.	Term loan	847.27	IND A/Stable
7	EXIM Bank	Term Loan	73.125	IND A/Stable
8	HDFC Limited	Term Loan	55.755144	IND A/Stable
9	Yes Bank Ltd	Term Loan	133.348137	IND A/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

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APPLICABLE CRITERIA AND POLICIES

Corporate Rating Methodology

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

Evaluating Corporate Governance

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