



Sharda Motor Industries Ltd.

SMIL: BSE/NSE: 18-19/0503-01

5th March, 2019

BSE Limited

Department of Corporate Services
Pheroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
(SCRIP CODE - 535602)

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra - Kurla Complex, Mumbai - 400 051
(Symbol - SHARDAMOTR) (Series - EQ)

Sub: Credit Bulletin by CRISIL

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

Dear Sir/ Madam,

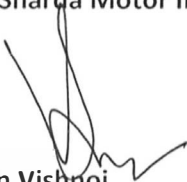
In reference to the captioned subject, this is to inform you that CRISIL's rating on the long term bank facilities of Sharda Motor Industries Limited (SMIL) at 'CRISIL AA-/ Stable'. The review and rating is initiated by CRISIL in view of proposed Joint Venture and in-principle approval of demerger of Seating Business of the Company.

The Credit Bulletin made by the CRISIL is enclosed for your reference and record.

Thanking You

Your's Faithfully,

For **Sharda Motor Industries Limited**


Nitin Vishnoi
Company Secretary



Encl. as above

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CIN NO-L74899DL1986PLC023202

Credit Bulletin

Ratings of Sharda Motor Industries Limited unaffected by JV agreement, family settlement and demerger of seating business

CRISIL's rating on the long term bank facilities of Sharda Motor Industries Ltd (SMIL) at 'CRISIL AA-/ Stable' remains unaffected by the company's plan to form a JV with Eberspaecher Exhaust Technology International GmbH (EET) for Business Development of BS VI Norms in Commercial Vehicle segment in India, family Settlement among Promoters/ Promoters Group of the Company and proposed demerger of the Automobile seating business by setting up a wholly owned subsidiary, under the family settlement.

The family settlement is expected to result in simplified group structure and is also expected to put an end to the dispute in the promoter family. Despite the investment in JV, demerger of seating business (effective December 31, 2018) and flow of funds towards wholly owned subsidiary, the company's business and financial risk profile is expected to remain comfortable, with no debt and adequate cash balance and mutual fund investments estimated at upwards of Rs.120 crores resting with the company as on March 31, 2019. CRISIL believes these events will not have any impact on SMIL's rating.

The rating continues to reflect SMIL's established market position, healthy relations with customers, continued focus on research and distribution (R&D) and strong financial risk profile. These strengths are partially offset by customer concentration in revenue, and susceptibility to increase in raw material prices and pricing pressure from the original equipment manufacturers (OEMs).