

## **Stoneridge to take 49% in Minda Co.**

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American auto-electronics major Stoneridge Inc has decided to pick-up 49% stake in the Minda Instruments, an Ashok Minda group company. This is Stoneridge's first investment into Asia and marks its entry into the fast growing Indian auto component market. As per the shareholders agreement, Stoneridge has of the 29% equity will change hands in the next Three years in trenches of 10% each in first two years followed by 9% in 2007.

Stoneridge has bought, 20.825 lakh new equity shares with a face value of Rs. 10 each issued by the company. According to company sources, deal has been struck at a price-to-earning ratio of between 15- 18 per equity share. Further investments is expected be struck at an even higher PE ratio. As a result of the company's paid-up capital has increased to Rs. 10.41 crore from Rs. 8.33 crore earlier.

We are a conservative company. We will review our decision for buying further equity depending on the performance of past investments Stoneridge's executive vice president & chief operating officer, Edward F Mosel told ET. He however, refused to divulge the financial details of the company. MSI booked a sale turnover of around Rs. 24 crore last fiscal with a modest net profit. The two now plan to increase it to Rs. 90 crore in next five years.

The company has been renamed as Minda Stoneridge Instruments (MSI) which will manufacture instrument clusters for Passenger cars, commercial vehicles & two wheelers. Stoneridge has got two representations on the board of the company. The deal also involves technology transfer from Stoneridge to MSI for manufacture of electronic instrument clusters.