



September 17, 2010

ICRA reaffirms the long-term rating for bank facilities of Kyungshin Industrial Motherson Limited; reaffirms the short-term rating for CP/STD Programme

ICRA has reaffirmed the long term rating of LAA- (pronounced L double A minus) assigned to the fund based facilities of Kyungshin Industrial Motherson Limited (KIML). ICRA has also reaffirmed the A1+ (pronounced A one plus) rating assigned to the commercial paper/ short term debt programme of the company. The long term rating has been assigned a stable outlook¹.

The reaffirmed ratings take into account the company's sole supplier status for wiring harnesses (WH) to Hyundai Motors India Limited (HMIL), sound financial profile with low gearing & strong coverage indicators and its growing volumes on back of the strong market position of HMIL in the Indian passenger car market. The ratings also take into account access to technical and financial support from its parents viz. Motherson Sumi Systems Limited (MSSL) and Kyungshin Industrial Company Limited, Korea (KIC), and the established global relationship between KIC and HMC. The ratings, however, remain constrained by the company's dependence on a single customer and single product, inability of the company to diversify into other OEMs on account of the non-compete clause with its parent (MSSL), increasing competitive pressures in the Indian automotive industry and limited growth opportunities with current plans of HMIL that is facing capacity constraints.

Recent Results

The company reported a net profit of Rs. 59.0 crore on the operating income of Rs. 606.9 crore during 2009-10.

Company Profile

KIML was incorporated in October, 1997 in Chennai, India as a 50:50 joint venture between KIC and MSSL with the objective of meeting HMIL's WH requirements. KIC is a leading manufacturer of integrated WH in Korea and the largest supplier of WH to HMC worldwide. KIML has three factories in Chennai near the HMIL plant with a capacity for meeting the requirements of 0.6 million Hyundai cars per annum.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

¹ For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications

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