



Endurance Magneti Marelli Shock Absorbers (India) Private Limited

	Amount	Rating Action
		January 2012
Long Term Loan	Enhanced from Rs 18.0 Crore to Rs 22.5 Crore	[ICRA] BB (Stable) reaffirmed
Fund Based Limit	Enhanced from Rs 4.0 Crore to Rs 7.5 crore	[ICRA] BB (Stable) reaffirmed
Non Fund Based Limit	Rs 4.5 Crore	[ICRA] A4 assigned

ICRA has reaffirmed [ICRA] BB (pronounced ICRA double B) rating with stable outlook to the Rs. 22.5 crore (enhanced from Rs 18.0 crore) long-term loan and Rs 7.5 crore (enhanced from Rs 4.0 crore) cash credit facility of Endurance Magneti Marelli Shock Absorbers (India) Private Limited (EMM)[†]. ICRA has also assigned [ICRA] A4 (pronounced ICRA A four) rating to the Rs 4.5 crore non fund based facilities of EMM.

The ratings reflect EMM's professional and experienced management along with financial flexibility provided by its promoter MM and Endurance group. The ratings also derive comfort from technology support provided by MM which is an incumbent supplier of shock absorber to Fiat vehicles and amongst the leading shock absorber manufacturers in the world which mitigates technology risk to an extent. The ratings are however constrained by weak debt coverage indicators; strained cash flows, limited track record of operations and high competitive intensity in domestic market. EMM continues to operate at sub-optimal capacity due to muted performance of its principal customer Fiat in domestic market thereby resulting in losses at operating level. However, proposed transfer of production from Brazil to EMM's unit by Magneti Marelli S.p.A for its European requirement from FY13 onwards is likely to improve the capacity utilization.

Company Profile

Endurance Magneti Marelli Shock Absorbers (India) Private Limited (EMM) is a 50:50 JV between Magneti Marelli s.p.a (MM), a Fiat group company and Endurance Technologies Private Limited (ETPL). EMM will specifically deal in the design, production and marketing of shock absorbers, including semi-corner modules and gas springs, for cars and commercial vehicles. The products would be aimed at local and international car makers operating in the Indian sub-continent and in nearby regions. ETPL was earlier supplying suspensions for 4-wheelers in domestic aftermarket, which has been now transferred to EMM. The company has set up a manufacturing unit at Chakan (near Pune) with an annual capacity to manufacture 2.3 million shock absorbers and 1.0 million gas spring units. The company has recently entered into new agreement with MM will be transferring its 3 million shock absorber capacity from Brazil to India and thereby taking overall capacity to 5.3 million units annually.

Recent Result

During first half of current fiscal, EMM has reported net loss of Rs 7.4 crore on an operating income of Rs 13.0 crore.

January 2012

* 100 lakh = 1 crore = 10 million

[†] For complete rating definition, please refer to ICRA website www.icra.in or any of the ICRA Rating Publications.



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