

January 11, 2024

ZF Rane Automotive India Private Limited: Change in limits

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term – Term loan	83.38	88.61	[ICRA]AA-(Stable); outstanding
Long-term Fund-based (CC)	205.00	220.50	[ICRA]AA-(Stable); outstanding
Short-term Interchangeable	(230.00)	(245.50)	[ICRA]A1+; outstanding
Long-term/ Short-term – Unallocated	47.12	26.39	[ICRA]AA- (Stable)/[ICRA]A1+; outstanding
Total	335.50	335.50	

*Instrument details are provided in Annexure-I

Rationale

This rationale is being released to convey the change in the lender wise facilities of the rated limits, based on the latest information received from the entity.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating methodology for Auto Component Suppliers
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company.

About the company

ZF Rane Automotive India Private Limited is a 49:51 joint venture between Rane Holdings Limited (holding company of the Rane Group, an established auto ancillary group in India; rated [ICRA]AA- (Stable)/[ICRA]A1+) and ZF Automotive J.V. US LLC (part of ZF Friedrichshafen AG, a reputed global auto component supplier). The company is a tier-I auto component supplier and has two divisions—hydraulic steering gears and occupant safety products. ZFRAIPL manufactures hydraulic power steering and pumps in the former (~48% of revenues in FY2023) and seat belts and airbags in the latter (~52%). ZFRAIPL derives ~68% of its revenues from the domestic market (38% from PVs, 54% from CVs and the balance from spares and farm tractors) and ~32% from overseas markets (predominantly PVs). While the company only had standalone operations earlier, it incorporated a wholly owned subsidiary, ZF Rane Occupant Safety Systems Private Limited, in June 2022, for manufacturing some of its occupant safety products.

The Rane Group is represented by key companies such as Rane Holdings Limited (rated [ICRA]AA- (Stable)/[ICRA]A1+), Rane Engine Valve Limited, Rane Brake Lining Limited (rated [ICRA]AA- (Stable)/ [ICRA]A1+), Rane (Madras) Limited and Rane NSK Steering Systems Private Limited, apart from ZFRAIPL.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Amount outstanding as of December 31, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022		Date & rating in FY2021
				January 11, 2024	Sep 28, 2023	Mar 06, 2023	Jan 06, 2022	Dec 27, 2021	Oct 30, 2020
1 Long-term fund based-CC	Long Term	220.50	-	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)
2 Long-term fund based-TL	Long Term	88.61	88.61	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)
3 Short-term fund based – sublimit	Short Term	(150.00)	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
4 Short-term non-fund based-sublimit	Short Term	(95.50)	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
5 Short-term fund based	Short Term	-	-	-	-	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
6 Short-term non-fund based	Short Term	-	-	-	-	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
7 Long-term/Short-term: Unallocated	Long Term/ Short Term	26.39	-	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund based – CC	Simple
Long-term fund based – Term loan	Simple
Short-term fund based – sublimit	Simple
Short-term non-fund based	Very Simple
Long-term/Short-term: Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loan-I	FY2021	9.00%	FY2026	15.75	[ICRA]AA- (Stable)
NA	Term Loan-II	FY2022	9.14%	FY2026	5.64	[ICRA]AA- (Stable)
NA	Term Loan-III	FY2023	~8.5-9%	FY2028	42.22	[ICRA]AA- (Stable)
NA	Term Loan-IV	FY2024	8.09%	FY2029	25.00	[ICRA]AA- (Stable)
NA	Cash credit	NA	6.00%	NA	220.50	[ICRA]AA- (Stable)
NA	Short term loan/Export credit	NA			(150.00)	[ICRA]A1+
NA	LC/BG				(95.50)	[ICRA]A1+
NA	LT/ST: Unallocated				26.39	[ICRA]AA- (Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
ZF Rane Automotive India Private Limited	NA	Full Consolidation
ZF Rane Occupant Safety Systems Private Limited	100.00%	Full Consolidation

Source: Company

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