



Momentive Performance Materials (India) Private Limited

Instruments	Amounts (Rs. Cr)	Rating Action
Long term fund based facilities	47.00	[ICRA]BBB (Stable) / re-affirmed
Term Loans	1.25	[ICRA]BBB (Stable) / re-affirmed
Long term proposed facilities	1.75	[ICRA]BBB (Stable) / re-affirmed
Short term non-fund based facilities	10.00	[ICRA]A2 / re-affirmed

ICRA has re-affirmed long-term rating of [ICRA]BBB (pronounced ICRA triple B) outstanding on the Rs. 47.00 crore* fund based facilities, Rs 1.25 Crore term loan facilities and Rs 1.75 Crore proposed bank facilities of Momentive Performance Materials (India) Private Limited ("Momentive India"/ "the Company")†. The outlook on the long term rating is stable. ICRA has also re-affirmed the short-term rating of [ICRA]A2 (pronounced ICRA A two) outstanding against the Rs. 10.00 crore non-fund based facilities of Momentive India.

Rating Rationale

The re-affirmation of ratings consider the consistent operational and financial performance of the company during the recent past, characterized by steady growth in revenues and earnings. The increasing proportion of manufactured goods to the overall sales mix driven by growth in domestic and export demand coupled with low cost of materials procured helped the company in achieving the revenue growth and expansion in margins during 2014-15. While the revenue growth is expected to remain stable supported by the growing application of silicone based products across industries and increasing sourcing from India by the group for catering to the MENA region, the revision in raw material prices for imports of traded goods from group entities in line with industry rates is likely to result in overall operating margins for Momentive India stabilizing at ~12% over the medium to long term (as against 18.7% during 2014-15). The ratings continue to factor in the strong technical and operational support enjoyed from the Momentive group (second largest producers of Silicone based products globally) aiding continuous product development and revenue growth, healthy product portfolio with increasing share of revenues derived from manufactured goods and relatively higher margin specialty products supporting margins, its diversified customer base across various industries lending revenue stability and moderately high entry barriers owing to the technological intensity in the business. While the overall consolidated financial profile of the Momentive group remains stretched characterized by weak earnings and high capitalization levels, the impact of the same on the credit profile of the Indian entity is expected to be limited with low financial dependence on group companies. The conservative capital structure with adequate coverage metrics of Momentive India coupled with its steady growth in earnings and stable liquidity position also provides some comfort. The ratings continue to factor in the exposure of the company's earnings to fluctuations in raw material prices and exchange rates and also the high competition from other major global players including Dow Corning and Wacker; the moderate pricing flexibility of the company supported by its established market position buffers the impact on profitability to an extent. The ability of the company to sustain volume and earnings growth amidst the intense competition would remain key rating sensitivities.

Company Profile

Established in 1995, Momentive India is part of the Momentive Group which is engaged in manufacturing and trading of Silicone based products globally. The products are classified under four categories - fluids and intermediaries, heat cured rubber, resins & specialties and sealants finding application across diverse industries. Momentive India has a manufacturing plant in Chennai, Global Research & Development center at Bangalore and sales offices at Mumbai and New Delhi. Momentive

* 100 lakhs = 1 crore = 10 millions

† For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications



India also provides Information Technology Enabled Services to Momentive group companies across the globe. Momentive Performance Materials (India) Private Limited is a 100% subsidiary of Momentive Performance Materials GmbH, which in turn is a step down subsidiary of Momentive Performance Materials Inc. The company was originally incorporated as GE Silicones (India) Private Limited in the year 1995, with GE Pacific (Mauritius) Limited and GE International (Benelux) B.V being its shareholders. The name of the Company was changed to GE Bayer Silicones (India) Private Limited in 1998 consequent to the global merger of silicones business of General Electric (GE) and Bayer AG. Thereafter in 2006, with sale of GE's advanced materials business (which included Silicones, Quartz, Ceramics and Sealants & Adhesives) to Apollo Global Management, LLC, a new company named Momentive Performance Materials Inc. was incorporated and the name of the company in India was changed to Momentive Performance Materials (India) Private Limited.

December 2015

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