

Comstar Automotive Technologies Private Limited

Instrument	Amount (In Rs. Crore)	Rating Action
LT – Fund based facilities	5.00	[ICRA]A+ (Stable) reaffirmed
ST – Fund based facilities	60.00	[ICRA]A1+ reaffirmed
ST – Non Fund based facilities	17.00	[ICRA]A1+ reaffirmed
ST – Fund / Non-fund based (sub limit)	(20.00)	[ICRA]A1+ reaffirmed
LT / ST – unallocated	0.50	[ICRA]A+ (Stable)/ [ICRA]A1+ reaffirmed

ICRA has reaffirmed the rating outstanding on the Rs. 5.00 crore¹ long-term fund based facilities of Comstar Automotive Technologies Private Limited (“Comstar”/ “the company”) at [ICRA]A+ (pronounced ICRA A plus)². The outlook on the long-term rating is stable. ICRA has also reaffirmed the rating outstanding on the Rs. 60.00 crore short-term fund based facilities, Rs.17.00 crore short-term non-fund based facilities and Rs. 20.00 crore short-term fund based/non fund based sub-limits of the company at [ICRA]A1+ (pronounced ICRA A one plus). For the unallocated facilities totalling Rs. 0.50 crore a rating of [ICRA]A+ or [ICRA]A1+ would be applicable depending on the tenure of the facility availed.

While arriving at the ratings, ICRA has taken a consolidated view of Comstar and its wholly owned subsidiary - Comstar Automotive LLC USA. The ratings continue to reflect the company’s healthy financial profile characterized by comfortable margins, robust capital structure, and healthy coverage indicators. Though revenues have de-grown during FY2015 and FY2016 because of engine consolidation by its key customer, given that the company has recently won new orders from existing customers as well as new customers, future revenue visibility continues to be strong. The ratings also factors in the strong R&D capabilities of the company, increasing revenue share from margin-accretive products, continuous cost-optimization efforts and established ties with leading global passenger vehicle OEMs which are expected to support healthy growth in revenues and profitability over the medium term.

The ratings also factor in high customer concentration risk, exposure to cyclicity in the automotive industry, continuing weakness in Comstar’s alternator sales and the high competitive intensity in the global industry which leads to pricing pressure, besides requiring constant investments in product innovation. Despite the comfortable margins, high dividend payouts during FY2016 and FY2017 led to fall in cash accruals. Going forward, ICRA does not expect any further such large dividend payout. Ability of the company to diversify its revenue profile across OEMs and product models, besides maintaining its strong financial profile will be key rating sensitivities going forward.

Company Profile

Comstar Automotive Technologies Private Limited is into the business of manufacturing starter motors, starter motor kits and alternators for automotive applications. The company commenced operations in 1998 as a subsidiary of Visteon Corporation and subsequently became Visteon’s sole production facility in Asia for its starters and alternators. During a restructuring activity conducted by Visteon Corporation, the company (erstwhile Visteon Powertrain Corporation) was acquired by Comcraft Group and Argyle Street Management in 2007-08. It is currently held by Comstar Mauritius Limited and Comstar Holdings Pvt. Ltd., which are in turn held by Comstar International. With a production capacity of 2.6 million starter motors and 1.0 million alternators per year, Comstar is a medium sized player in the Indian auto ancillary industry. In the last 15 years of operations, it has added top global OEMs, viz., Ford Motor Company, Volvo Cars AB, Tata Motors Limited, Ashok Leyland Limited, Mazda Motor Corporation and Aston Martin Limited to its customer portfolio. During FY2014, Comstar setup a wholly owned subsidiary in North America for catering exclusively to Ford’s plant in the continent.

November 2016

¹ 100 lakh = 1 Crore = 10 million

² For complete rating scale and definitions, please refer to ICRA’s website (www.icra.in) or other ICRA rating publications



For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Pavethra Ponniah (Tel. No. +91 44 4596 4314)
pavethrap@icraindia.com

Vinutaa S (Tel. No. +91 44 4596 4305)
vinutaa.s@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved
Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500