



## IAC International Automotive India Private Limited

Instrument	Amount	Rating Action
Long-term loans	Reduced from Rs 26.0 crore to Rs 21.0 crore	rating revised from [ICRA]BB to [ICRA]BB+; reaffirmed stable outlook
Long-term, fund-based facilities	Enhanced from Rs 14.0 crore to Rs 19.0 crore	rating revised from [ICRA]BB to [ICRA]BB+; reaffirmed stable outlook
Short-term, non-fund based facilities	Rs 6.0 crore	rating revised from [ICRA]A4 to [ICRA]A4+

ICRA has upgraded the long term rating from [ICRA]BB (pronounced ICRA double B) to [ICRA]BB+ (pronounced ICRA double B plus) for the Rs. 21.0 crore (reduced from Rs 26.0 crore) long-term loans and the Rs. 19.0 crore (enhanced from Rs 14.0 crore) long-term fund-based bank facilities of IAC International Automotive India Private Limited (IAC India)<sup>†</sup>. ICRA has also upgraded the short term rating from [ICRA]A4 (pronounced ICRA A four) to [ICRA]A4+ (pronounced ICRA A four plus) on the Rs 6.0 crore short term non-fund based facilities of IAC India.

The ratings upgrade reflects considerable improvement in IAC India's financial profile in the backdrop of strong demand for M&M's XUV 500 and stabilization of company's operations at Greenfield unit in Mahindra Supplier Park (Chakan, Pune). The ratings continue to favorably factor in strong operational, managerial and financial linkage with International Automotive Components group (IAC, rated B2/Stable by Moody's); diversified product mix with presence in major segment of automotive interiors supported by in-house design and engineering team, and comfortable capital structure on the back of regular equity infusion from parent entity. The ratings are however constrained by stiff competition from well entrenched players in domestic automotive interior market and high client concentration risk given that company's prospects are at present closely linked with the demand of M&M's XUV 500. The company is in midst of setting up another Greenfield unit in Chakan (Pune), which will be largely funded by debt (from promoter company). Hence, the capital structure and cash flows could be under pressure though ICRA expects parent company to provide timely assistance in case of any cash flow mismatch. Going forward, IAC India's ability to scale up its operation by diversifying its client base, turnaround of Multivac's operations and timely completion of Greenfield Chakan project within stipulated budget will remain the key rating sensitivities.

### Company Profile

IAC India is incorporated in India as a wholly owned subsidiary of IAC U.S. Holdings, Inc (IAC) USA through its affiliate viz. IACNA Mauritius Limited. IAC has been amongst global leader in automotive interiors with operations spread over North America, South America, Western and Eastern Europe and Asia.

IAC India is amongst the first few companies to set up unit at Mahindra Supplier Park in Chakan (Pune), wherein it is the sole supplier of automotive interiors for Mahindra Navistar Automotive Limited's (MNAL) M&HCVs and M&M Limited's (M&M) XUV 500. In January 2011, IAC India acquired automotive assets of Multivac India Private Limited (Multivac), a Tier I supplier of automotive interior component to leading domestic OEMs like Maruti Suzuki India Limited (MSIL), Volkswagen India Private Limited (Volkswagen) and Eicher Motors Limited (EML).

IAC India currently have three manufacturing units, largest of which is situated at Mahindra Supplier park in Chakan (Pune), a dedicated unit for M&M and MNAL vehicles to be manufactured at Chakan plant. Since the unit at Chakan plant is exclusively for Mahindra group, the company has also setup another small assembly unit in close vicinity (in Chakan itself, few Km away from M&M supplier park)

\* 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website, [www.icra.in](http://www.icra.in), or other ICRA Rating Publications



to supply components to Volkswagen. With acquisition of Multivac in Gurgaon, the company has also marked its presence in Northern India to cater the OEMs present in that region.

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