



IAC International Automotive India Private Limited

Instrument	Amount	Rating
	In Rs. Crore	As on April 2012
Long-term loans	Rs 26.0 crore	[ICRA] BB (stable) reaffirmed
Long-term, fund-based facilities	Enhanced from Rs 7.0 crore to Rs 14.0 crore	[ICRA] BB (stable) reaffirmed
Short-term, non-fund based facilities	Enhanced from Rs 2.0 crore to Rs 6.0 crore	[ICRA] A4 reaffirmed

Source: ICRA

ICRA has reaffirmed [ICRA]BB (pronounced ICRA double B) rating with stable outlook on the Rs. 26.0 crore long-term loans and the Rs. 14.0 crore (enhanced from Rs 7.0 crore) long-term fund-based bank facilities of IAC International Automotive India Private Limited (IAC India)[†]. ICRA has also reaffirmed [ICRA]A4 (pronounced ICRA A four) rating on the Rs 6.0 crore (enhanced from Rs 2.0 crore) short term non-fund based facilities of IAC India.

The ratings continue to reflect 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 weak financial profile characterized by operating losses; stiff competition from well entrenched players in domestic automotive interior market and high client concentration risk given that company's prospects are closely linked with success of M&M's XUV 500 and M&HCV launched by MNAL. ICRA notes that success of M&M's XUV 500 for which IAC India is the sole supplier for automotive interior solution could offset some impact of slower than expected off-take for MNAL's M&HCVs. However, going forward, IAC India's ability to scale up its operation at Chakan unit and turnaround of Manersar's unit 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. 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 will be the sole supplier of automotive interiors for Mahindra Navistar Automotive Limited's (MNAL) M&HCVs and M&M Limited's SUV. 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) to supply components to Volkswagen India. With acquisition of Multivac in Gurgaon, the company has also marked its presence in Northern India to cater the OEMs present in that region.

* 100 lakh = 1 crore = 10 million

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



Recent Results

During first nine months of 2011-12 (9M FY12), IAC India reported a net loss of Rs 11.6 crore on an operating income of Rs 53.2 crore.

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