

January 06, 2022

Rane TRW Steering Systems Private Limited – Update on Entity

Summary of ratings outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
LT Fund based CC	100.00	100.00	[ICRA]AA- (Stable)
LT Fund based TL	55.72	55.72	[ICRA]AA- (Stable)
ST Fund based	75.00	75.00	[ICRA]A1+
ST Non fund based	35.00	35.00	[ICRA]A1+
ST Interchangeable	(40.00)	(40.00)	[ICRA]A1+
LT/ST: Unallocated	69.78	69.78	[ICRA]AA- (Stable)/[ICRA]A1+
Total	335.50	335.50	

*Instrument details are provided in Annexure-1

Rationale

Vide a BSE release dated December 29, 2021, it was announced that there would be a change in Rane TRW Steering Systems Private Limited's (RTSSPL/the company) shareholding pattern, with the divestment of 1% controlling stake by Rane Holdings Limited (RHL) to ZF Automotive JV LLC, USA (ZF). Pursuant to the divestment, ZF will hold 51% shareholding in RTSSPL, while the balance 49% would be held by RHL. While the share transfer has been completed on December 29, 2021, the pending formalities are expected to be concluded by January 31, 2022. The company would henceforth operate under the name of 'ZF Rane Automotive India', subject to obtaining necessary approvals for name change.

ICRA notes that the divestment of 1% stake in RTSSPL by RHL to ZF is unlikely to have any material impact on the credit profile of the company. Based on discussions with the management, ICRA understands that the acquisition of the controlling stake by ZF in RTSSPL has been in line with its long-term strategy of growing its businesses in India and making India a global supplier base. The company is likely to have improved access to ZF's technological and production capabilities, which would in turn, translate into incremental business opportunities. ICRA also understands that there would be no immediate change in the company's board composition and key management personnel. ICRA would continue to monitor the company for any further developments on this front.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities, and 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 standalone financial profile of the company. RTSSPL does not have subsidiaries

About the company

RTSSPL is tier-I auto component supplier and has two divisions—hydraulic steering gears and occupant safety products. RTSSPL manufactures hydraulic power steering and pumps in the former (~42% of revenues in H1 FY2022) and seat belts, airbags and cushions in the latter (~58% of revenues in H1 FY2022). RTSSPL derives ~60% of its revenues from the domestic market (41%

from PVs, 49% from CVs and the balance from spares and farm tractors) and ~40% from the overseas market (predominantly PVs). The company has six manufacturing plants—five in Tamil Nadu and one in Uttarakhand.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years				
	Type	Amount Rated (Rs. crore)	Amount Outstanding as of Sep 30, 2021 (Rs. crore)	Date & Rating	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2018	
				Jan 06, 2022	Dec 27, 2021	Oct 30, 2020	Jul 5, 2019	Jan 31, 2018	
1 Long-term fund based-CC	Long Term	100.00	-	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	
2 Long-term fund based-TL	Long Term	55.72	55.72	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	
3 Short-term fund based	Short Term	75.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	
4 Short-term non fund based	Short Term	35.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	
5 Short-term non-fund based-sublimit	Short Term	(40.00)	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	
6 Long-term/Short-term: Unallocated	Long Term/Short Term	69.78	-	[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	Simple
Long-term fund based - TL	Simple
Short-term fund based	Simple
Short-term non-fund based	Very Simple
Short-term non-fund based- sublimit	Very Simple
Long-term/Short-term: Unallocated	NA

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 analysing 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 are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No/ banker name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan-I	FY2018	7.20%	FY2022	4.54	[ICRA]AA- (Stable)
NA	Term Loan-II	FY2018	5.77%	FY2023	14.99	[ICRA]AA- (Stable)
NA	Term Loan-III	FY2021	6.50%	FY2026	36.19	[ICRA]AA- (Stable)
NA	Cash credit	NA	6.00%	NA	100.00	[ICRA]AA- (Stable)
NA	Short term loan/Export credit	NA			75.00	[ICRA]A1+
NA	LC/BG				35.00	[ICRA]A1+
NA	LC/BG-sublimit				(40.00)	[ICRA]A1+
NA	LT/ST: Unallocated				69.78	[ICRA]AA- (Stable)/ [ICRA]A1+

Source: Rane TRW Steering Systems Private Limited

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation approach
NA	NA	NA

Source: Rane TRW Steering Systems Private Limited

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