

April 09, 2024

ZF Rane Occupant Safety Systems Private Limited- Update on Material Event

Summary of ratings outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term fund based -Term Loan	162.00	162.00	[ICRA]AA- (Stable)
Long-term fund based - Cash Credit	50.00	50.00	[ICRA]AA- (Stable)
Long-term/Short-term– Unallocated	25.00	25.00	[ICRA]AA- (Stable)/[ICRA]A1+
Total	237.00	237.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has taken a consolidated view of ZF Rane Automotive India Private Limited (ZFRAIPL/ the company) and ZF Rane Occupant Safety Systems Private Limited (ZFROSSPL) with ZFROSSPL being a 100% subsidiary of ZFRAIPL and both the companies having strong operational and financial linkages between them.

On March 29, 2024, ZF Rane Automotive India Pvt Ltd (ZFRAIPL) announced that it has completed acquisition of 100% stake in TRW Sun Steering Wheels Pvt Ltd (TSSWPL), as part of ZF Friedrichshafen AG’s overall strategy to bring its occupant safety business in India under ZFRAIPL. The acquisition would bring in an additional product under ZFRAIPL. ICRA notes that ZFRAIPL’s credit profile is unlikely to be impacted by the transaction.

TSSWPL was a JV between the Sun Vacuum Formers Pvt. Ltd. (51% stake) and ZF Friedrichshafen AG (49% stake). It manufactures various types of steering wheels for the Indian market and supplies to a diverse set of passenger vehicle OEMs from its manufacturing plants in Gurugram and Pune. The company reported revenues of Rs. 160.4 crore and an OPM of 7.8% in FY2023. It was debt-free and had free cash and bank balances of ~Rs. 67 crore as on the date of acquisition.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click Here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company.

About the company

ZF Rane Automotive India Private Limited is a 49:51 joint venture between Rane Holdings Limited (holding company of the Rane Group, an established auto ancillary group in India; rated [ICRA]AA- (Stable)/[ICRA]A1+) and ZF Automotive J.V. US LLC (part of ZF Friedrichshafen AG, a reputed global auto component supplier). The company is a tier-I auto component supplier

and has two divisions—hydraulic steering gears and occupant safety products. ZFRAIPL manufactures hydraulic power steering and pumps in the former (~48% of revenues in FY2023) and seat belts and airbags in the latter (~52%). ZFRAIPL derives ~68% of its revenues from the domestic market (38% from PVs, 54% from CVs and the balance from spares and farm tractors) and ~32% from overseas markets (predominantly PVs). While the company only had standalone operations earlier, it incorporated a wholly-owned subsidiary, ZF Rane Occupant Safety Systems Private Limited, in June 2022, for manufacturing some of its occupant safety products.

The Rane Group is represented by key companies such as Rane Holdings Limited (rated [ICRA]AA- (Stable)/[ICRA]A1+), Rane Engine Valve Limited, Rane Brake Lining Limited (rated [ICRA]AA- / [ICRA]A1+; Rating Watch with Developing Implications), Rane (Madras) Limited and Rane NSK Steering Systems Private Limited, apart from ZFRAIPL.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of March 31, 2024 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				Apr 09, 2024	Sep 28, 2023	-	-
1 Long-term fund based- Term Loan	Long Term	162.00	152.52	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	-	-
2 Long-term fund based- Cash Credit	Long Term	50.00	-	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	-	-
3 Long-term/Short-term: Unallocated	Long Term / Short Term	25.00	-	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based – Term loan	Simple
Long-term Fund-based – Cash Credit	Simple
Long-term/ Short -term – Unallocated	Not Applicable

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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	FY2023	8.0-8.6%	FY2028	162.00	[ICRA]AA- (Stable)
NA	Cash credit	NA	6.0%	NA	50.00	[ICRA]AA- (Stable)
NA	LT/ST: Unallocated		NA		25.00	[ICRA]AA- (Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation
ZF Rane Automotive India Private Limited	NA	Full Consolidation
ZF Rane Occupant Safety Systems Private Limited	100.00%	Full Consolidation

Source: Company

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