

February 04, 2025

Marelli Motherson Auto Suspension Parts Private Limited: Ratings placed on rating watch with developing implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term / Short Term – Fund Based / Non Fund Based Facilities	30.00	30.00	[ICRA]A-/ [ICRA]A2+; placed on rating watch with developing implications
Total	30.00	30.00	

*Instrument details are provided in Annexure-1

Rationale

Material Event

On January 24, 2025, Samvardhana Motherson International Limited (SAMIL) informed the stock exchanges that Marelli Motherson Auto Suspension Parts Private Limited (MMAPL), a 50:50 Joint Venture between Marelli Europe S.p.A. (MES) and SAMIL, had approved asset sale including fixed assets and inventory. The Board of Directors of SAMIL at its meeting held on January 24, 2024, considered and approved the aforesaid proposal. Gabriel India Limited (GIL) will be the buyer entity in the said transaction, and is the flagship company of the Anand Group. It is one of the leading manufacturers of shock absorbers in India for two-wheelers, three-wheelers, passenger cars, commercial vehicles and aftermarket segments. The said transaction is expected to be completed in Q1 FY2026. The consideration for the said transaction is approximately Rs. 60 crore (basis inventory of Rs. 27.9 crore as on March 31, 2024) subject to true up at closing date.

Impact of the Material Event

ICRA notes that MMAPL will transfer its manufacturing facility along with the inventory to GIL post conclusion of the said transaction. The proceeds from the said transaction along with MMAPL's cash balances and receivables will be utilised to repay its debt and creditors. ICRA will continue to closely monitor the situation and take appropriate rating action once additional clarity emerges on MMAPL's business plans post the said transaction.

Please refer the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Methodology for Auto Components Corporate Credit Rating Methodology
Parent/Group support	Parent/Group Company: SAMIL (rated [ICRA]AAA(Stable)/[ICRA]A1+) The ratings assigned to MMAPL factor in the very high likelihood of its sponsors, extending financial support to it because of the close business linkages with the company. ICRA also expects the sponsors to be willing to extend financial support to MMAPL to prevent any reputational risk. There also exists a consistent track record of timely financial support to MMAPL, whenever a need has arisen.

Consolidation/Standalone
Standalone

About the company

Marelli Motherson Auto Suspension Parts Private Limited is a 50:50 joint venture between Marelli Europe SpA (formerly known as Magneti Marelli SpA) and Samvardhana Motherson Group. MMAPL deals in the design, production and marketing of shock absorbers, including semi-corner modules and gas springs, for passenger vehicles and commercial vehicles. The products are used by local and international car makers operating in the Indian subcontinent and nearby regions. The company was initially set up with an annual manufacturing capacity of 2.3 million shock absorbers and 1.0 million gas spring units at Chakan (near Pune). The present annual manufacturing capacity stands at 3.2 million shock absorbers and 2.7 million gas spring units.

Key financial indicators

MMAPL - Standalone	FY2023 Audited	FY2024 Audited
Operating Income (Rs. crore)	242.1	260.3
PAT (Rs. crore)	-28.6	-12.6
OPBDIT/OI (%)	-7.1%	0.2%
PAT/OI (%)	-11.8%	-4.9%
Total Outside Liabilities/Tangible Net Worth (times)	1.3	1.5
Total Debt/OPBDIT (times)	-1.1	32.4
Interest Coverage (times)	-15.5	0.3

Source: MMAPL, ICRA Research; PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	February 4, 2025	October 18, 2024	July 11, 2024	FY2024		FY2023		FY2022	
						Date	Rating	Date	Rating	Date	Rating
Fund based /non-fund based facilities	Long-term/Short-term	30.00	[ICRA]A-/ [ICRA]A2+; Rating Watch with Developing Implications	[ICRA]A-(Stable)/ [ICRA]A2+	[ICRA]A-(Stable) / [ICRA]A2+	27-Apr-23	[ICRA]A-(Stable) / [ICRA]A2+	-	-	3-Jan-22	[ICRA]A-(Stable) / [ICRA]A2+
Unallocated limits	Long-term	-	-	-	[ICRA]A-(Stable)	27-Apr-23	[ICRA]A-(Stable)	-	-	3-Jan-22	[ICRA]A-(Stable)

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund based/Non-fund Based Facilities	Simple

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: [Click Here](#)

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based/Non fund based	NA	NA	NA	30.00	[ICRA]A-/ [ICRA]A2+; Rating Watch with Developing Implications

Source: Company

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

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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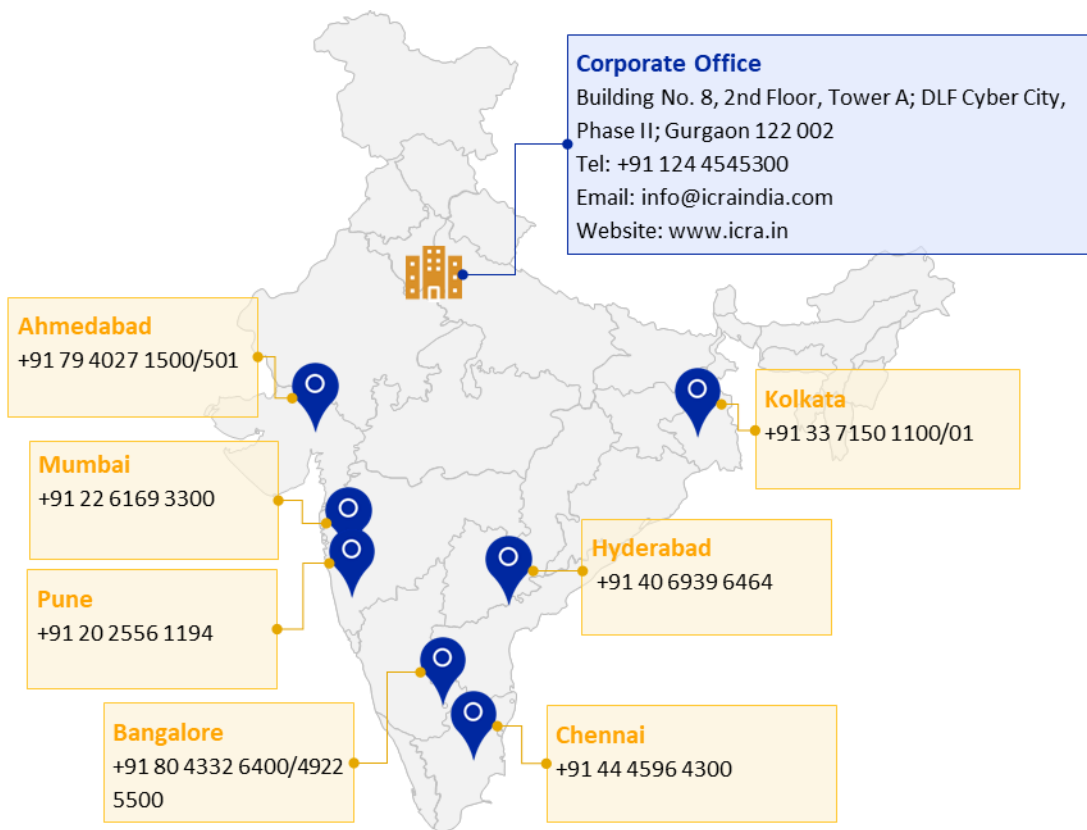
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