Sona Koyo Steering Systems Limited

February 22, 2018

Summary of Rated Instrument:

Instrument	Rated Amount(Rs. crore)	Rating Outstanding
Term Loans	244.99	[ICRA]AA-(Positive)
Long-term Fund Based	81.35	[ICRA]AA-(Positive)
Short-term Fund Based	52.50	[ICRA]A1+
Short-term Non-fund Based	55.00	[ICRA]A1+
Commercial Paper	15.00	[ICRA]A1+
Unallocated	74.95	[ICRA]AA-(Positive)
Total	523.79	

Material Event

Sona Koyo Steering Systems Limited (SKSSL or' the company') announced on Feb 09, 2018 the amalgamation of JTEKT Sona Automotive India Limited (JSAI; a 51:49 joint venture between SKSSL and its majority shareholder JTEKT Corporation, Japan) with the company. It further announced on Feb 14, 2018 that the company has decided to change its name to 'JTEKT India Limited' subject to approval from its shareholders.

Impact of the Material Event

The event is a positive development for SKSSL because the amalgamation of JSAI would benefit the company via addition of high margin electronic power steering (EPS) business into its portfolio, reduction of its long-term debt obligations using the surplus cash on JSAI's balance sheet and increase in the customer confidence given that JTEKT Corporation, Japan (JTEKT) is a leading manufacturer of steering systems globally with high share of business with Toyota and Suzuki. ICRA takes note of the event and will continue to monitor developments related to the amalgamation process.

The previous detailed rating rationale is available on the following link: Click here

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