October 30, 2020

Sandhar Technologies Limited: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based – Working Capital Facilities	50.00	50.00	[ICRA]AA- (Negative) outstanding
Fund-based/Non-fund Based – Working Capital Facilities	25.00	25.00	[ICRA]AA- (Negative)/ [ICRA]A1+ outstanding
Unallocated Limits	5.00	5.00	[ICRA]AA- (Negative) outstanding
Total	**80.00**	**80.00**	
Commercial Paper	40.00	40.00	[ICRA]A1+; Rating withdrawn

**Instrument details are provided in Annexure-1*

Rationale

ICRA has withdrawn the short-term rating of [ICRA]A1+ assigned to the Commercial Paper (CP) programme of Sandhar Technologies Limited (STL). There is no incremental information to suggest that the credit risk has changed since the last review. The rating is withdrawn in accordance with ICRA's policy on withdrawal and suspension at the request of the company as there is no amount outstanding against the rated instrument.

For key rating drivers, liquidity and sensitivities, click here.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of STL. As on March 31, 2020, the company had three subsidiaries and twelve JVs, which are enlisted in Annexure-2.

About the company

Incorporated in 1987, STL is a highly diversified auto-component manufacturer, present across product segments such as lock set assemblies, mirror assemblies, cabin fabrication, wheel assemblies, sheet metal components, handle bar assemblies, plastic parts, aluminium die casting etc. The company caters to multiple automotive segments, including 2Ws, PVs, CVs, off-highway vehicles and tractors. It has a wholly-owned subsidiary, Sandhar Technologies Barcelona (ST Barcelona), which supplies aluminium spools to seat-belt manufacturers across Europe and North America. STL has several manufacturing facilities in India, two in Spain and one each in Poland and Mexico.

STL came out with an IPO in March 2018, which helped it raise ~Rs. 300 crore of funds through issue of fresh shares; additionally, its PE investor – GTI Capital plans sold 64 lakh shares of the company through a secondary sale (OFS). Post the IPO, the promoter, Mr. Jayant Dawar and his family, holds a stake of 70.14% in the company.

Key financial indicators (audited)

	FY2019	FY2020
Operating Income (Rs. crore)	2335.8	1943.4
PAT (Rs. crore)	102.7	66.5
OPBDIT/OI (%)	10.8%	10.2%
PAT/OI (%)	4.4%	3.4%
Total Outside Liabilities/Tangible Net Worth (times)	1.0	0.8
Total Debt/OPBDIT (times)	1.1	1.4
Interest Coverage (times)	10.6	9.7

**In line with Ind AS-116 accounting, debt for FY2020 includes operating lease liabilities as well*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2020)				Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Rating	FY2020	FY2019		FY2018
					Oct-30-2020	Sep-16-2019	Oct-8-2018	May-17-2018	Sep-22-2017
1	Fund-based – Working Capital Facilities	Long Term	50.00	-	[ICRA]AA- (Negative) outstanding	[ICRA]AA- (Negative)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]A+ (Stable)
2	Fund-based/Non-fund Based – Working Capital Facilities	Long Term/ Short Term	25.00	-	[ICRA]AA- (Negative)/ [ICRA]A1+ outstanding	[ICRA]AA- (Negative)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]A+ (Stable)/ [ICRA]A1
3	Unallocated Limits	Long Term	5.00	-	[ICRA]AA- (Negative) outstanding	[ICRA]AA- (Negative)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]A+ (Stable)
4	Commercial Paper	Short Term	40.00	0.0	[ICRA]A1+; withdrawn	[ICRA]A1+	[ICRA]A1+	-	-

Amount in Rs. crore

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as “Simple”, “Complex” and “Highly Complex”. The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based – Working Capital Facilities	NA	NA	NA	50.00	[ICRA]AA- (Negative) outstanding
NA	Fund-based/Non-fund Based – Working Capital Facilities	NA	NA	NA	25.00	[ICRA]AA- (Negative)/ [ICRA]A1+ outstanding
NA	Unallocated Limits	NA	NA	NA	5.00	[ICRA]AA- (Negative) outstanding
-	Commercial Paper	Not placed			40.00	[ICRA]A1+ withdrawn

Source: STL

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Sandhar Tooling Pvt. Ltd.	79.92%	Full Consolidation
Sandhar Strategic Systems Pvt. Ltd.	99.99%	Full Consolidation
Sandhar Technologies Barcelona S.L.	100.00%	Full Consolidation
Sandhar Han sung Technologies Pvt. Ltd.	50.00%	Equity Method
Indo Toolings Pvt. Ltd.	50.00%	Equity Method
Sandhar ECCO Green Energy Pvt. Ltd.	50.00%	Equity Method
Sandhar Daewha Automotive Systems Private Limited	50.00%	Equity Method
Sandhar Amkin Industries Private Limited	50.00%	Equity Method
Jinyoung Sandhar Mechatronics Private Limited	50.00%	Equity Method
Sandhar Daeshin Auto Systems Private Limited	50.00%	Equity Method
Sandhar Whetron Electronics Private Limited	50.00%	Equity Method
Kwangsung Sandhar Technologies Pvt. Ltd.	50.00%	Equity Method
Winnercom Sandhar Technologies Pvt. Ltd.	50.00%	Equity Method
Sandhar Han Shin Automotive Pvt. Ltd.	50.00%	Equity Method
Sandhar Han Shin Auto Technologies Pvt. Ltd.	50.00%	Equity Method

Analyst Contacts

Subrata Ray
+91 22 6114 3408
subrata@icraindia.com

Shamsher Dewan
+91 124 4545 328
shamsherd@icraindia.com

Rohan Kanwar Gupta
+91 124 4545 808
rohan.kanwar@icraindia.com

Pradyumna Choudhary
+91 124 4545 342
pradyumna.choudhary@icraindia.com

Relationship Contact

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Registered Office
1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50

Branches

Mumbai	+ (91 22) 24331046/53/62/74/86/87
Chennai	+ (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata	+ (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore	+ (91 80) 2559 7401/4049
Ahmedabad	+ (91 79) 2658 4924/5049/2008
Hyderabad	+ (91 40) 2373 5061/7251
Pune	+ (91 20) 2556 0194/ 6606 9999