

February 08, 2023

## Sterling Automobiles Private Limited: Rating Withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based/ Term loan	3.10	3.10	[ICRA]BB+ (Stable); Withdrawn
Short Term - Fund Based/Cash Credit	21.50	21.50	[ICRA]A4+; Withdrawn
Short term Non-fund Based Limits	0.30	0.30	[ICRA]A4+; Withdrawn
Long Term / Short Term - Unallocated	0.10	0.10	[ICRA]BB+ (Stable)/[ICRA]A4+; Withdrawn
<b>Total</b>	<b>25.00</b>	<b>25.00</b>	

\*Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the ratings assigned to the bank facilities programme of Sterling Automobiles Private Limited (SAPL). The ratings have been withdrawn in accordance with ICRA's policy on withdrawal of credit ratings, at the request of the company and based on the no objection certificate received from the issuing banks.

However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key Rating Drivers, Liquidity Position, Rating Sensitivities and Key financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy on Withdrawal of Credit Ratings</a> <a href="#">Rating Methodology for Entities in the Automobile Dealership Industry</a>
Parent/Group Support	Not applicable
Consolidation/Standalone	Limited consolidation: For arriving at the ratings, ICRA has considered limited consolidation of the financials of Sterling Mobikes Private Limited (SMPL) with SAPL (as mentioned in Annexure-2), given the close financial and managerial linkages among them. The total debt on the standalone level has been adjusted to the extent of the corporate guarantee extended to SMPL.

### About the company

SAPL owns and operates an automobile dealership under the Classic Honda brand. Incorporated in October 2005, the company is an authorised dealer of Honda. It operates a single integrated facility in Faridabad, Haryana, with infrastructure to provide sales, service and spares (3S) to customers. The showroom, spread over 12,856 square yards, is one of the largest Honda dealerships in India in terms of area. SAPL is a part of the Sterling Group, operating through multiple entities in the automotive space. The flagship company of the Group, Sterling Tools Limited, is one the leading players in the automotive fasteners space in India with a diverse client base. SAPL has extended a corporate guarantee for the bank facilities of its group company, SMPL, which is an authorised dealer for the two-wheelers of Harley Davidson.

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

**Rating history for past three years**

	Instrument	Type	Rating (FY2023)				Chronology of Rating History			
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in		Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020
					Feb 08, 2023	Sep 08, 2022		Oct 05, 2020	Jun 04, 2020	
1	Term Loan	Long-term	3.10	0.00	[ICRA]BB+ (Stable); Withdrawn	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Stable)
2	Cash Credit	Short-term	21.5	-	[ICRA]A4+; Withdrawn	[ICRA]A4+	[ICRA]A4+	[ICRA]A3	[ICRA]A3	[ICRA]A3
3	Non-fund Based Limits	Short-term	0.30	-	[ICRA]A4+; Withdrawn	[ICRA]A4+	[ICRA]A4+	[ICRA]A3	[ICRA]A3	[ICRA]A3
4	Unallocated	Long-term/ Short-term	0.10	-	[ICRA]BB+ (Stable)/ [ICRA]A4+; Withdrawn	[ICRA]BB+ (Stable)/ [ICRA]A4+	[ICRA]BB+ (Stable)/ [ICRA]A4+	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB- (Stable)/ [ICRA]A3

**Complexity level of the rated instruments**

Instrument	Complexity Indicator
Term Loan	Simple
Cash Credit	Simple
Non-fund Based Limits	Very Simple
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 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-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loan	FY2015	NA	FY2022	3.10	[ICRA]BB+ (Stable); Withdrawn
NA	Cash Credit	-	NA	-	21.50	[ICRA]A4+; Withdrawn
NA	Non-fund-based limits	-	-	-	0.30	[ICRA]A4+; Withdrawn
NA	Unallocated	-	-	-	0.10	[ICRA]BB+ (Stable)/[ICRA]A4+; Withdrawn

Source: Company

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

Company Name	Ownership	Consolidated Approach
Sterling Mobikes Private Limited	Managerial control	Limited consolidation

Source: Company

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