

June 03, 2026

Sandhar Technologies Limited: [ICRA]AA- (Stable)/[ICRA]A1+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based – Term loans	53.44	[ICRA]AA-(Stable); assigned
Long term/Short term – Fund-based – Working capital facilities	750.00	[ICRA]AA-(Stable)/[ICRA]A1+; assigned
Long term – Unallocated facilities	81.56	[ICRA]AA-(Stable); assigned
Total	885.00	

*Instrument details are provided in Annexure-II

Rationale

The assigned ratings factor in Sandhar Technology Limited's (STL) established presence in the auto component industry and its healthy business profile, marked by a wide array of product offerings catering to original equipment manufacturers (OEMs) in two-wheelers (2W), passenger vehicles (PV), commercial vehicles (CV), tractors and off highway vehicles. The business profile is also supported by a high wallet share with its key clientele, strong product engineering and development capabilities as well as technological tie-ups with global players for certain products. The ratings also consider STL's financial profile, which has been characterised by steady revenue growth, earnings and cash flows in the last five years. Moreover, the expectations of sustained growth going forward amid a stable demand outlook (especially 2W), focus on rising content per vehicle, new product additions and business collaborations provide comfort.

The ratings, however, are constrained by moderate product and segment concentration risks, with approximately 60% of revenues generated from the 2W segment and the top two customers {Hero Motocorp Limited (HMCL, rated [ICRA]AAA (Stable)/[ICRA]A1+) and TVS Motor Company Limited (TVS)} accounting for over 50% of revenues in 9M FY2026. Nevertheless, the risk is partially mitigated by STL's strong share of business across product segments and the dominant market position of these OEMs in the 2W industry. In the last few years, the company incurred significant debt-funded capital expenditure (capex) and investments in new businesses and its overseas subsidiaries, resulting in moderate return metrics (15.0% RoCE in FY2026) and debt protection metrics (total debt to operating profits at 2.5x in FY2026 as against 1.6x in FY2021 and interest cover at 6.7x in FY2026 as against over 11.8x in FY2021). However, ICRA expects a gradual enhancement in the debt indicators over the medium term, with conclusion of major investments and likely improvement in earnings and cash flows. The ratings also consider the vulnerability of STL's earnings to competition, raw material price movements and foreign exchange (forex) fluctuations.

The Stable outlook on the long-term rating reflects ICRA's expectation that STL will record healthy revenue growth over the near-to-medium term following the ramp-up in capacities that were added in recent years, coupled with continued business from existing customers. The enhanced scale of operations, combined with an anticipated improvement in earnings, is likely to support the coverage metrics and overall financial risk profile.

Key rating drivers and their description

Credit strengths

Established presence in the auto component industry – STL has an established presence in the domestic auto component market and has expanded into overseas markets as well. It caters to segments such as automotive, construction equipment etc., and its operations are carried out from over 44 manufacturing plants across India, apart from facilities in Romania, Spain, Poland and Mexico. The plants are in proximity to the manufacturing locations of OEMs, enabling the company to maintain strong relationships and share of business. This apart, the promoter's vast experience in the auto ancillary business also supports STL's growth and business plans. The company has six subsidiaries, three step-down subsidiaries and a few joint ventures based on target markets and scalability of product segments.

Strong revenue growth backed by diversified product profile and improving geographical presence – STL has a well diversified product range catering to 2W, PV, CV and off-highway vehicles. In FY2026, it generated 66.8% of its revenues from 2Ws, 13.0% from the PV segment, 12.6% from off-highway vehicles and the rest from other segments like 3W, non-autos, aftermarket, scrap, etc. The product lines include locking systems, cabin and fabrication, sheet metal components, assemblies of vehicle parts, vision systems, etc. STL derives over 85% of its revenues from the domestic market and has been growing its presence in overseas markets such as Mexico and Europe. Since FY2021, its consolidated sales have grown at a compound annual growth rate (CAGR) of 20%, supported by growth across products and segments. Of these, revenue growth from sheet metals, aluminium die castings (ADC) and cabins has been relatively higher, owing to the ramp-up of operations of recently commissioned facilities and inorganic investments. To mitigate potential risks from vehicle electrification, STL (through its subsidiary) has also made investments into designing and manufacturing components for electric vehicles (EVs), including motor controllers, battery chargers and DC-DC converters, sales of which are gradually ramping up.

Comfortable financial profile – STL's financial profile is comfortable and is supported by steady revenue growth, earnings and cash flows in the last five years. The company's revenue growth and earnings are likely to remain strong going forward amid a steady demand outlook (especially 2W) and its focus on increasing content per vehicle, new product additions and business collaborations. The consolidated capex during FY2022-FY2025 was over Rs. 1,100 crore towards capacity additions and new product developments, with a further Rs. 300.0 crore incurred in FY2026, benefits of which are likely to accrue going forward. STL's liquidity profile is adequate, supported by stable cash flow from operations and undrawn working capital lines.

Credit challenges

Concentration risks related to customers and segments – While the company is present in the PV and off-highway vehicle segments, the 2W segment constitutes a major part of revenues (>60%). It is noted that STL has outgrown the industry in recent years, led by its wide product offerings, new customer and product additions and high wallet share with customers. Nevertheless, a high concentration in the 2W segment exposes its earnings to any sharp slowdown in the segment. STL is also exposed to moderate customer concentration risk, with its top two customers, HMCL and TVS, contributing over 50% of its revenues. The moderate client and segment customer concentration risk is mitigated to an extent by the reputed client profile, which holds a dominant market share, the strong share of business enjoyed by STL with the OEMs and long-term associations.

Vulnerability of earnings to competition, raw material price movements and forex fluctuations – STL's margins are susceptible to any major price variations of raw materials (steel, aluminium, zinc). However, improved operating leverage, negotiation-based pass-throughs and periodic cost-optimisation measures have historically limited the moderation in margins, and these are likely to continue going forward. The margins are also susceptible to any unfavourable movements in forex, by virtue of its overseas operations and foreign currency loans.

Moderate return and debt indicators amid large capex and investments in recent years – In the last few years, STL incurred significant debt-funded capex as well as investments in new businesses and its overseas subsidiaries, resulting in moderate return metrics (15.0% RoCE in FY2026) and debt protection metrics (total debt to operating profits at 2.5x in FY2026 as against 1.6x in FY2021 and interest cover at 6.7x in FY2026 as against over 11.8x in FY2021). However, ICRA expects a gradual

enhancement in the debt indicators over the medium term, with conclusion of major investments and likely improvement in earnings and cash flows.

Environmental and social risks

Environmental considerations – While STL is not directly exposed to climate transition risks arising from tightening emission norms, given that its products are used across multiple fuel powertrains, its automotive OEM customers remain significantly exposed to such risks. Accordingly, the company’s business prospects continue to be linked to its customers’ ability to comply with progressively stringent emission regulations. Further, it may need to undertake sustained investments to develop products aligned with evolving trends in the automotive industry and the requirements of EVs. The company’s exposure to risks relating to litigation or penalties associated with waste and water management remains relatively low.

Social considerations – STL, like most automotive component suppliers, has a high dependence on human capital. Retaining human capital, maintaining healthy relationships with employees and suppliers are essential for disruption free operations for the entity. The company has not reported any complaints relating to child labour, forced labour or involuntary labour in the last financial year as per its annual report. Another social risk that STL faces pertains to product safety and quality, wherein instances of product recalls and high-warranty costs may not only result in a financial implication but could also harm its reputation and create a more long-lasting adverse impact. In this regard, the company’s strong track record in servicing leading automotive manufacturers underscores its ability to mitigate these risks to an extent. Its robust technological capabilities are likely to help it align its products with any change in customer preferences.

Liquidity position: Adequate

STL’s liquidity position is Adequate, supported by undrawn lines of over Rs. 150.0 crore as on December 2025 and anticipated healthy cash flows of Rs. 250.0-300.0 crore from the business going forward. The company also had unencumbered cash and bank balances of Rs. 63.7 crore as of March 2026. As against this, STL has repayment obligations on its existing term loans of Rs. 101.9 crore, Rs. 78.9 crore and Rs. 48.9 crore in FY2027, FY2028 and FY2029, respectively. Further, the consolidated capex plans are moderate at Rs. 250.0-300.0 crore p.a. in the medium term, which are likely to be funded by a mix of debt and internal accruals. STL is expected to provide any need-based support to investee entities and ensure that such entities meet their obligations in a timely manner.

Rating sensitivities

Positive factors – ICRA may upgrade STL’s long-term rating on further strengthening of its business profile with diversification and scale-up of revenues, while improving its margin profile as well as leverage and coverage metrics.

Negative factors – The ratings could witness a downward revision in case of a material impact on the company’s earnings or sustained significant increase in leverage, resulting in a deterioration in its debt protection metrics. A specific credit metric for downgrade includes debt service coverage ratio (DSCR) of less than 2.3 times at a consolidated level on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Sandhar Technologies Limited. Details are provided in Annexure-III.

About the company

STL is primarily involved in the manufacturing of component products, catering to different auto segments such as 2W, PVs and CVs, apart from tractors and off-highway vehicles. The company's product line includes locking systems, cabin and fabrication, sheet metal components, assemblies of vehicle parts, vision systems, etc. Its products also find application in the non-auto segments. STL has six subsidiaries as on date, three step-down subsidiaries and a few joint ventures based on target markets and scalability of product segments. Its operations are carried out from 44 manufacturing plants across India, apart from four facilities in Romania, Spain, Poland and Mexico. It also has technical tie-ups and collaborations with entities located in Japan, South Korea and Taiwan. The promoters held a 70.38% stake in the company as on March 31, 2026.

Key financial indicators (audited)

Sandhar Technologies Limited (consolidated)	FY2025	FY2026
Operating income (OI)	3,886.7	4,870.7
PAT	131.9	191.0
OPBDIT/OI	10.0%	9.5%
PAT/OI	3.4%	3.9%
Total outside liabilities/Tangible net worth (times)	1.4	1.6
Total debt/OPBDIT (times)	2.4	2.5
Interest coverage (times)	6.9	6.7

Amount in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; total debt includes lease liabilities

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current ratings (FY2027)			Chronology of rating history for the past 3 years		
	Type	Amount rated (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
			June 03, 2026	March 11, 2026	March 31, 2025	-
1 Term loans	Long term	53.44	[ICRA]AA-(Stable)	[ICRA]AA-(Stable); withdrawn	[ICRA]AA-(Stable)	-
2 Working capital facilities	Long term/Short term	750.00	[ICRA]AA-(Stable)/[ICRA]A1+	[ICRA]AA-(Stable)/[ICRA]A1+; withdrawn	[ICRA]AA-(Stable)/[ICRA]A1+	-
3 Unallocated facilities	Long term	81.56	[ICRA]AA-(Stable)	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI’s grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based – Term loans	Simple
Long term/Short term – Fund-based – Working capital facilities	Simple
Long term – Unallocated facilities	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 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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	FY2024	NA	FY2029	53.44	[ICRA]AA- (Stable)
NA	Working capital facilities	NA	NA	NA	750.00	[ICRA]AA- (Stable)/[ICRA]A1+
NA	Unallocated facilities	NA	NA	NA	81.56	[ICRA]AA- (Stable)

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Company name	Ownership %	Consolidation approach
Sandhar Technologies Limited	-	Rated entity
Sandhar Engineering Private Limited	100.0%	Full consolidation
Sandhar Ascst Private Limited	100.0%	Full consolidation
Sandhar Auto Castings Private Limited	100.0%	Full consolidation
Sandhar Automotive Systems Private Limited	100.0%	Full consolidation
Sandhar Auto Electric Solutions Private Limited	100.0%	Full consolidation
Sandhar Technologies Barcelona, SL	100.0%	Full consolidation
Sandhar Han Sung Technologies Private Limited	50.0%	Equity method
Sandhar Amkin Industries Private Limited	69.1%	Equity method
Sandhar Whetron Electronics Private Limited	50.0%	Equity method
Winnercom Sandhar Technologies Private Limited	50.0%	Equity method
Sandhar Han Shin Auto Technologies Private Limited	50.0%	Equity method

Source: Company

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