

December 07, 2023

Sundaram Hydraulics Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund based – Cash Credit	27.00	27.00	[ICRA]BBB- rating watch with positive implications; withdrawn
Long-term – Term Loans	5.52	5.52	
Proposed long-term fund based	6.13	6.13	
Short-term fund based	3.00	3.00	[ICRA]A3 rating watch with positive implications; withdrawn
Total	41.65	41.65	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Sundaram Hydraulics Limited (SHL) at the request of the company, as it has been amalgamated with Wheels India Limited, and it ceases to exist as a separate legal entity.

The Key rating drivers, Liquidity position, Rating sensitivities have not been captured as the rated instruments are being withdrawn.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	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings
Parent/Group support	Parent company: Wheels India Limited (rated [ICRA]A-(Stable)/ [ICRA]A2+)
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company.

About the company

Incorporated in 2007, SHL manufactured hydraulic cylinders for the domestic and global MCE industry. While the company also supplied tools and components for air suspension devices, and undertook job work for Wheels India Limited, SHL diversified into manufacturing of axle shafts for dump trucks, cylinders for windmills, and sub-contracting of excavator cylinders for export customers over the last few years. SHL's manufacturing facility in Sriperumbudur (within WIL's factory premises) had an installed production capacity of ~1,20,000 cylinders and 13,200 axle shafts per annum as on March 31, 2023. Prior to the merger, Sundaram Finance Holdings Ltd and Wheels India Ltd held 25.7% and 16.3% respectively, while the remaining stake was held by the promoter group and its family members.

Key financial indicators (audited)

Standalone	FY2022	FY2023
Operating income	112.4	106.6
PAT	2.4	-4.2
OPBDIT/OI	7.6%	1.8%
PAT/OI	2.2%	-3.9%
Total outside liabilities/Tangible net worth (times)	14.2	133.6
Total debt/OPBDIT (times)	3.2	17.4
Interest coverage (times)	3.0	0.5

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

Instrument	Type	Current rating (FY2024)				Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022			Date & rating in FY2021
				Dec 07, 2023	Feb 23, 2023	Dec 15, 2021	May 21, 2021	May 3, 2021	May 27, 2020
1 Fund based Cash Credit	Long term	27.00	-	[ICRA]BBB- rating watch with positive implication and withdrawn	[ICRA]BBB- rating placed on watch with positive implications	[ICRA]BBB- rating placed on watch with positive implications	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Negative)
2 Term Loans	Long term	5.52	-	[ICRA]BBB- rating watch with positive implication and withdrawn	[ICRA]BBB- rating placed on watch with positive implications	[ICRA]BBB- rating placed on watch with positive implications	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Negative)
3 Proposed long-term fund based	Long-term	6.13	-	[ICRA]BBB- rating watch with positive implication and withdrawn	[ICRA]BBB- rating placed on watch with positive implications	[ICRA]BBB- rating placed on watch with positive implications	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Negative)
4 Short-term fund based	Short-term	3.00	-	[ICRA]A3 rating on watch with positive implication and withdrawn	[ICRA]A3 rating placed on watch with positive implications	[ICRA]A3 rating placed on watch with positive implications	[ICRA]A3	[ICRA]A3	[ICRA]A3

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund based – Cash Credit	Simple
Long-term – Term Loans	Simple
Proposed long-term fund based	NA
Short-term fund based	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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	LT fund based – Cash Credit	NA	NA	NA	27.00	[ICRA]BBB- rating watch with positive implication and withdrawn
NA	Long-term Term Loan 1	FY2022	NA	NA	2.14	[ICRA]BBB- rating watch with positive implication and withdrawn
NA	Long-term Term Loan 2	FY2022	NA	NA	3.38	[ICRA]BBB- rating watch with positive implication and withdrawn
NA	Proposed long-term fund based	NA	NA	NA	6.13	[ICRA]BBB- rating watch with positive implication and withdrawn
NA	Short-term fund based –Bill Discounting	NA	NA	NA	3.00	[ICRA]A3 rating watch with positive implication and withdrawn

Source: Company; The company was amalgamated with Wheels India Limited, and the entity ceases to exist with effect from Sep 01, 2023. Hence, the coupon rate and maturity are not applicable

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

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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