

June 13, 2022

Wheels India Limited: Migration of the rating outstanding on the medium-term rating scale to the long-term rating scale

Summary of rating action

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fixed Deposits	215.00	215.00	[ICRA]A- (Stable); Migrated from MA+ (Stable)
Commercial Paper	100.00	100.00	[ICRA]A2+; outstanding
Term Loan	238.63	238.63	[ICRA]A- (Stable); outstanding
Long term - Fund based facilities	385.00	385.00	[ICRA]A- (Stable); outstanding
Long term – Unallocated	50.00	50.00	[ICRA]A- (Stable); outstanding
Short term – Unallocated	50.00	50.00	[ICRA]A2+; outstanding
Short term – Non-fund-based facilities	200.00	200.00	[ICRA]A2+; outstanding
Total	1,238.63	1,238.63	

Rationale

In compliance with the circular [SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular SEBI/HO/MIRSD/MIRSD_CRADT /P/CIR/2022/43 of April 1, 2022, for standardizing the rating scales used by the Credit Rating Agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of Wheels India Limited from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another, and not as a reflection of a change in the credit risk of the fixed deposit programme.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Component Suppliers
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. Details of subsidiary/associate provided in Annexure-2

About the company

Wheels India Limited (WIL) is among the largest manufacturers of steel wheel rims in the country and is present across automotive (except 2W), tractor and earth mover segments. Further, WIL also manufactures air suspension systems for luxury buses in India, supplies fabricated and machined parts for windmills, and produces bogie frame and bogie bolsters for Indian Railways. The company derives ~72% of its consolidated revenues from the domestic market and its manufacturing facilities are located at Padi (TN), Rampur (UP), Pune (Maharashtra), Sriperumbudur (TN), Pantnagar (Uttarakhand), Deoli (Maharashtra), Thirumudivakkam (TN), Vanod (Gujarat) and Bawal (Haryana). The company is part of the TS Santhanam group (fraction of larger TVS Group), with 57.53% stake held by the TVS Group through Sundaram Finance Holdings Limited (23.28%), Trichur Sundaram Santhanam & Family Private Limited (29.69%) and India Motor Parts & Accessories Limited (4.57%), rated [ICRA]AA (Stable)/[ICRA]A1+ as on March 31, 2021. WIL has a subsidiary by name WIL Car Wheels Limited (WCWL), which manufactures passenger car steel wheel rims; 74% stake is held by WIL in this entity and the remaining is held by Topy Industries Limited, Japan.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the past 3 years						
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore) as on March 31, 2022	Date & Rating	Date & Rating in FY2022			Date & Rating in FY2021			Date & Rating in FY2020
					June 13, 2022	January 31, 2022	December 15, 2021	April 05, 2021	July 08, 2020	June 12, 2020	April 30, 2020	October 15, 2019
1	Fixed deposit	Long term	210.00	203.75	[ICRA]A-(Stable)	MA+ (Stable)	MA+ (Stable)	MA+ (Stable)	MA+ (Negative)	MA+ (Negative)	MA+ (Negative)	MA+ (Stable)
2	Fixed deposit	Long term	5.00	-	[ICRA]A-(Stable)	MA+ (Stable)	-	-	-	-	-	-
2	Term loan	Long term	238.63	179.58	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)
3	Fund based-CC	Long term	385.00	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)
4	Unallocated	Long term	50.00	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	-
5	Unallocated	Short term	50.00	-	[ICRA]A2+	[ICRA]A2+	-	-	-	-	-	-
5	Non-fund based facilities	Short term	200.00	-	[ICRA]A2+	[ICRA]A2+	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1+	[ICRA]A1+
6	Unallocated	LT/ST	-	-	-	-	-	-	-	-	-	[ICRA]A+ (Stable)/ [ICRA]A1+
7	Commercial Paper	Short term	100.00	-	[ICRA]A2+	[ICRA]A2+	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fixed Deposits	Very Simple
Commercial Paper	Very Simple
Term Loan	Simple
Long term - Fund based facilities	Simple
Long term – Unallocated	NA
Short term – Unallocated	NA
Short term – Non-fund-based facilities	Very 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 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: www.icra.in

Annexure-1: Instrument details

ISIN No/Banker Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
Not applicable	Fixed Deposit	-	6.25-7.00%	-	215.00	[ICRA]A- (Stable)
Not Placed	Commercial Paper	-	-	-	100.00	[ICRA]A2+
Not applicable	Term loan - I	FY2019	7.05%	FY2024	7.50	[ICRA]A- (Stable)
Not applicable	Term loan – II	FY2016	7.05%	FY2024	10.94	
Not applicable	Term loan – III	FY2021	6.60%	FY2026	28.00	
Not applicable	Term loan – IV	FY2019	7.15%	FY2024	56.25	
Not applicable	Term loan – V	FY2020	7.30%	FY2025	60.94	
Not applicable	Term loan - VI	FY2021	7.35%	FY2027	75.00	
Not applicable	Cash Credit	NA	NA	NA	385.00	
Not applicable	Long-term-unallocated	NA	NA	NA	50.00	[ICRA]A2+
Not applicable	Short-term-unallocated	NA	NA	NA	50.00	
Not applicable	Letter of Credit & Bank Guarantee	NA	NA	NA	200.00	

Source: Wheels India Limited

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

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
WIL Car Wheels Limited	74.00%	Full Consolidation
Axles India Limited	9.51%	Equity Method

Source: Wheels India Limited

ANALYST CONTACTS

Shamsher Dewan

+91 124 4545 328

shamsherd@icraindia.com

K Srikumar

+91 44 4596 4318

ksrikumar@icraindia.com

Vinutaa S

+91 44 4596 4305

Vinutaa.s@icraindia.com

Kishore Kumar A

+91 44 4596 4340

Kishore.a@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@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



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.