SANDHAR
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Ref: STL /SE/ 2025-2026/Regulation 30/15

Dated: 23rd May, 2025

To,
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai — 400001

To,
Listing Department,
National Stock Exchange of India Limited
C-1, G-Block, Bandra-Kurla Complex
Bandra, (E), Mumbai — 400051

BSE Code: 541163; NSE: SANDHAR

Sub.: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") Renewal/reaffirmation of Credit Rating of Sandhar Technologies Limited's Debt Facilities.

Dear Sir/Madam,

Pursuant to Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that Long Term and Short Term Issuer Rating of Sandhar Technologies Limited's Debt Facilities has been renewed/reaffirmed by the India Ratings & Research.

Instrument Type	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Fund-based working capital limits	-	INR2,710	IND AA-/Stable/IND A1+	Affirmed
Fund-based working capital limits		INR2,480	IND AA-/Stable/IND A1+	Assigned
Non-fund-based working capital limits	-	INR160 (reduced from INR1,137)	IND AA-/Stable/IND A1+	Affirmed
Commercial paper*	Up to 365 days	INR800	IND A1+	Affirmed
Term loan	31 October 2027	INR956.25 (reduced from INR1,150)	IND AA-/Stable	Affirmed
Proposed fund-based/non-fund- based limits	-	INR1,043.75	IND AA-/Stable/IND A1+	Assigned

The above information will also be uploaded on the Company's website viz. www.sandhargroup.com

This is for your information and records.

Thanking you,

Yours Faithfully

FOR SANDHAR TECHNOLOGIES LIMITED

Yashpal Jain Digitally signed by Yashpal Jain
Date: 2025.05.23 17:42:42 +05'30'

(Yashpal Jain)
Chief Financial Officer and Company Secretary
M. No. A 13981

Encl: As Above

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IndiaRatings & Research
A Fitch Group Company

India Ratings Affirms Sandhar Technologies's CP at 'IND A1+'; Bank Facilities at 'IND AA-'/Stable; Rates Additional Limits

May 23, 2025 | Auto Components & Equipments

India Ratings and Research (Ind-Ra) has taken the following rating actions on Sandhar Technologies Limited's (STL) debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Fund-based working capital limits	-	-	-	INR2,710	IND AA-/Stable/IND A1+	Affirmed
Fund-based working capital limits				INR2,480	IND AA-/Stable/IND A1+	Assigned
Non-fund-based working capital limits	-	-	-	INR160 (reduced from INR1,137)	IND AA-/Stable/IND A1+	Affirmed
Commercial paper*	-	-	Up to 365 days	INR800	IND A1+	Affirmed
Term loan	-	-	31 October 2027	INR956.25 (reduced from INR1,150)	IND AA-/Stable	Affirmed
Proposed fund-based/non-fund-based limits	-	-	-	INR1,043.75	IND AA-/Stable/IND A1+	Assigned

*Carved out of working capital limits

Analytical Approach

Ind-Ra continues to fully consolidate STL's subsidiaries while arriving at the ratings as all companies operate in the similar line of business and STL has a strong operational and management control over them. The agency has also partially consolidated STL's joint ventures (JVs) according to Ind-AS. STL also supports these entities by extending loans and advances, and has extended corporate guarantees for the loans to some of these entities.

Detailed Rationale of the Rating Action

The ratings reflect STL's strong business profile, and continued healthy scale of operations and EBITDA margins, along with improving credit metrics over FY24 -9MFY25. The ratings also benefit from the company's diversified business profile across product and industry segments. However, the ratings are constrained by the company's high customer concentration risk as well as weak performance of the overseas subsidiary.

List of Key Rating Drivers

Strengths
- Diversified product offering with strong competitive positioning
- Healthy revenue growth
- Capex & inorganic expansion to support incremental scale
- Stable EBITDA margins
- Improving credit metrics

Weaknesses
- Significant revenue concentration
- Support to subsidiaries and JVs / weak profitability at overseas subsidiary

Detailed Description of Key Rating Drivers

Diversified Product Offering with Strong Competitive Positioning: STL's portfolio comprises safety and security systems such as lock assemblies, mirror assemblies, operator cabins for off-highway vehicles (OHVs), wheel and brake panel assemblies, aluminium die casting and sheet metal components. While the company mainly caters to domestic original equipment manufacturers (OEMs), it derived 12% of its 9MFY25 revenue from its overseas subsidiary (FY24: 14%).

STL is a major supplier of lock sets and mirror assemblies to Hero MotoCorp Limited (HMC), TVS Motors Limited (TVS) for motorcycles and Honda Cars India Limited. Moreover, it is also one of the biggest suppliers of wheel assemblies to TVS and Royal Enfield, and operator cabins for excavators to JCB India Limited.

Healthy Revenue Growth: STL's consolidated revenue increased 10.3% yoy to INR28,704 million in 9MFY25 (9MFY24: INR26,033 million; FY24: INR35,211 million), driven by an increase in volumes as well as higher realisation. The revenue growth was also supported by the development of new products in the two-wheeler (2W) segment, ramp-up of new plants, higher revenue from most of the vehicle segments and increased share of business from some of the major OEMs.

Ind-Ra expects STL's revenue to have increased 8%-10% yoy in FY25, led by likely higher demand owing to higher production volumes in the auto sector, and ramping up of operations at the recently commissioned plants.

Capex & Inorganic Expansion to Support Incremental Scale: STL incurred consolidated total capex of INR1,335 million and is likely to spend another INR1,600 million-1,700 million during FY25 towards expanding its product portfolio to support an overall increase in its revenue. The company also has planned capex of around INR2,000 million in FY26 towards product development and maintenance of existing plant and machinery. Furthermore, the company acquired Sundaram Clayton Limited's high pressure and low pressure aluminium die casting business at its Hosur plant for a total consideration of INR1,630 million. The revenue potential from this newly acquired plant is INR4,000 million-4500 million on an annual basis. Ind-Ra will continue to monitor the plant development and any significant delay in commencing or a timely ramp-up of the new projects / newly acquired plant could impact the ratings adversely.

Stable EBITDA Margins: STL's consolidated EBITDA margins have largely remained at 8.5%-10% over FY20-FY25. The consolidated EBITDA margins improved but remained modest at 9.7% in 9MFY25 (9MFY24: 9.3%; FY24: 9.7%), mainly due to a moderation in raw material costs, coupled with a revision in pricing strategy with customers. Margins also benefitted from better price absorption. Ind-Ra expects the EBITDA margins to remain at 9.5%-10.5% over FY25-FY26, as the management expects higher efficiency after the ramping up its operations in the new projects, coupled with the likely improvement in the global demand scenario.

Improving Credit Metrics: The consolidated gross debt increased to INR8,473 million at end-9MFY25 (FYE24: INR7,795 million), mainly on account of the company incurring significant capex over FY24-FY25.. Ind-Ra has also considered leases, guarantees provided by the company to its JVs and the acceptances as a part of debt. After adjusting the same, the company's net adjusted leverage (net adjusted debt/operating EBITDA) stood at 2.13x in 9MFY25 (FY24: 2.16x; FY23: 2.8x), mainly on account of strong EBITDA generation of INR2,795 million. Ind-Ra now expects the net adjusted leverage to have remained around 2.25x in FY25 than its earlier expectation of around 2.0x on account of aforesaid acquisition. Ind-Ra expects the net adjusted leverage to reduce below 2.0x in FY26 as the newly commissioned plants will have started generating revenue.

The interest coverage (operating EBITDA/interest expense) remained largely stable at 6.65x in 9MFY25 (9MFY24: 6.56x; FY24: 6.61x), owing to its higher EBITDA.

Significant Revenue Concentration: STL continues to have significant revenue concentration in the 2W segment. In 9MFY25, the revenue contribution from its top two customers (HMC and TVS) was 51.8% (FY24: 48.5%) and the top 10 customers was 79.5% (FY24: 77.4%; FY23: 78.5%). While the company is focusing on revenue diversification into passenger vehicles and OHV segments, and customer diversification in the 2W space by adding new OEMs to its clientele, the revenue concentration is likely to increase in the near term as majority of its new plants cater to HMC and TVS.

Support to Subsidiaries and JVs / Weak Profitability at Overseas Subsidiary: STL's subsidiaries accounted for more than 62% of the consolidated debt in 9MFY25 (FY24: 73%) but merely around 27% of the EBITDA (26%). The increase in the debt levels of its subsidiaries was to fund: 1) capex to increase capacity, which has started to ramp up, and 2) historically high working capital requirements of Sandhar Technologies Barcelona SL (STB), as it derives most of its revenue from exports, mainly to three Tier 1 customers. The revenue from the subsidiaries has been increasing on a year-on-year basis, and most of its subsidiaries have been EBITDA positive over FY24-9MFY25, due to cost optimisation coupled with improved capacity utilisation. While the revenue from its subsidiaries improved in FY22-9MFY24, the return on investments generated from them was lower than that of STL on a standalone basis. Ind-Ra expects the subsidiaries' performance to further improve yoy over the next two-to-three years, with the ramp-up of the operations in the projects.
However, the return on investment and profitability in its subsidiaries and JVs is likely to remain monitorable in the near term.

Ind-Ra notes that the company's overseas subsidiary, STB, remained profitable, the profitability remained weak necessitating support from the parent entity, STL. During FY25, STL had extended standby letters of credit (SBLCs) worth INR1,510 million (as of December 2024) for the term loans availed by the Barcelona entity. At FYE24, STL had extended corporate guarantees/SBLCs for loans extended to Sandhar Han Sung Technologies Private Limited and Sandhar Amkin Industries Private Limited (debt rated at 'IND BBB+'/Stable); the combined value of guarantees stood at INR137 million at FYE24 (FYE23: INR234 million). Ind-Ra believes STL may be required provide interim support to its overseas subsidiaries in FY25, if the global macro headwinds continue, given the high debt levels.

Liquidity

Adequate: STL's average monthly utilisation of its fund-based working capital limits of around INR5,300 million was 34.8% during the 12 months ended February 2025. The company has availed SBLCs of INR2,700 million as a part its total working capital limits, for which there was a utilisation of INR1,514 million as of December 2024. The SBLC limit utilisation is outside of drawing power. The company had cash and equivalents of INR518 million at 9MFY25 (FYE24: INR433 million). The cash flow from operations is likely have remained strong at INR2,000 million-2,100 million in FY25 although slightly moderated from FY24 (FY24: INR2,257 million), due to a slightly elongated working capital cycle, which would be offset by sustained EBITDA. Consequently, the cash flow margins are likely to have declined to 5.4% in FY25 (FY24: 6.4%) but remained healthy. The free cash flow is likely to turn positive in FY25(FY24: negative INR266 million) mainly due to a lower capex projection(FY24: INR2,372 million). The company is likely to spend capex of about INR1,700 million-2,000 million in FY26, largely towards maintenance and product developments. Ind-Ra expects the free cash flow to turn positive in FY25 improving further in FY26 amid reduced capex and higher EBITDA.

The working capital cycle slightly increased to 49 days in 9MFY25 (FY24: 42 days), mainly due to an increase in the inventory holding period to 53 days (49 days) offset by a decline in the payable period to 51 days (54 days) as the company made payments to medium and small enterprises within the stipulated time period. Ind-Ra expects the working capital cycle to remain at 40-45 days in FY26-FY27.

Furthermore, the management believe the company would be making minimum investments in its JVs and would focus on debt repayments to decrease long-term debt over the medium term. STL has scheduled debt repayments of INR1,190 million and INR977 million in FY26 and FY27, respectively.

Rating Sensitivities

Positive: A substantial increase in the consolidated revenue and profitability, including improvement in overseas operations, with improved product and customer diversification while maintaining strong cash flow margins, with a low net adjusted leverage, all on a sustained basis, could result in a rating upgrade.

Negative: A significant decline in the consolidated revenue and profitability margin and/or visibility of the consolidated net adjusted leverage exceeding and sustaining above 2.0x will result in a rating downgrade.

Any Other Information

Standalone Financials: STL's revenue stood at INR21,544 million in 9MFY25 (9MFY24: INR20,226 million), EBITDA at INR2,027 million (INR1,820million). The net adjusted leverage was 1.4x in 9MFY25 (9MFY24: 2.0x) and the interest coverage was 13.8x (20.1x).

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on STL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

STL manufactures locking systems, mirror assemblies, sheet metal components, plastic injection mouldings, wheel assemblies, handlebars assemblies, clutches assemblies and brake panel assemblies at its various operating units in India. It was listed on the BSE Limited and the National Stock Exchange of India Limited in March 2018 with promoters owning a 70.4% stake.

Key Financial Indicators

Particulars	9MFY25	FY24	FY23
Revenue from operations (INR million)	28,704	35,211	29,089
EBITDA (INR million)	2,795	3,406	2,491
EBITDA margin (%)	9.7	9.7	8.6
Interest coverage (x)	6.6	6.6	6.9
Net adjusted leverage (x)*	2.13	2.16	2.80
Source: STL; Ind-Ra			
*including acceptances, guarantees and lease liabilities			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating/ Outlook	Historical Rating/Outlook			
				18 October 2024	20 October 2023	22 September 2023	21 October 2022
Issuer rating	Long-term	-	-	-	-	WD	IND AA-/Stable

Fund-based working capital limits	Long-term/Short-term	INR5,190	IND AA-/Stable/IND A1+	IND AA-/Stable/IND A1+	IND AA-/Stable/IND A1+	-	IND AA-/Stable/IND A1+
Non-fund-based working capital limits	Long-term/Short-term	INR160	IND AA-/Stable/IND A1+	IND AA-/Stable/IND A1+	IND AA-/Stable/IND A1+	-	IND AA-/Stable/IND A1+
Commercial paper	Short-term	INR800	IND A1+	IND A1+	IND A1+	-	IND A1+
Term loan	Long term	INR956.25	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	-	IND AA-/Stable
Proposed Fund-based/Non-fund-based working capital limits	Long-term/Short-term	INR1,043.75	IND AA-/Stable/IND A1+	-	-	-	-

Bank wise Facilities Details

The details are as reported by the issuer as on (23 May 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	HDFC Bank Limited	Fund Based Working Capital Limit	240	IND AA-/Stable/IND A1+
2	HDFC Bank Limited	Non-Fund Based Working Capital Limit	160	IND AA-/Stable/IND A1+
3	Citibank N.A.	Fund Based Working Capital Limit	2100	IND AA-/Stable/IND A1+
4	ICICI Bank	Fund Based Working Capital Limit	750	IND AA-/Stable/IND A1+
5	Kotak Mahindra Bank	Fund Based Working Capital Limit	800	IND AA-/Stable/IND A1+
6	Federal Bank	Fund Based Working Capital Limit	500	IND AA-/Stable/IND A1+
7	Citibank N.A.	Term Loan	725	IND AA-/Stable
8	Bajaj Finance	Term Loan	231.25	IND AA-/Stable
9	Yes Bank Ltd	Fund Based Working Capital Limit	800	IND AA-/Stable/IND A1+
10	NA	Proposed Fund-based/Non-fund-based limit	1043.75	IND AA-/Stable/IND A1+

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Commercial paper	Low
Fund-based working capital limits	Low
fund-based/non-fund-based working capital limit	Low
Non-fund-based working capital limits	Low

Term loan	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Contact

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About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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Solicitation Disclosures

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates