

Ref: STL / REG-30 / BSE / NSE / 2018-19 / 21

Dated: 09th October, 2018

To,
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001

To,
Listing Department,
National Stock Exchange of India Limited
C-1, G-Block, Bandra-Kurla Complex
Bandra, (E), Mumbai – 400 0051

Scrip Code: 541163

Symbol: SANDHAR

Ref; Revision in Credit Rating

Re: Intimation under Regulation 30(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

We wish to inform you that ICRA Limited has upgraded the Company Fund-based -Working Capital Facilities, Fund-based / Non- fund Based -Working Capital Facilities, Unallocated Limits and Commercial paper as per details given below:

Instrument Type	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. Crore)	Rating Action
Fund-based - Working capital Facilities	50.0	50.0	[ICRA]AA-(Stable)outstanding
Fund based/Non-fund Based- Working Capital facilities	25.0	25.0	[ICRA]AA-(Stable)/[ICRA]A1+ outstanding
Unallocated Limits	5.0	5.0	[ICRA]AA-(Stable) outstanding
Total	80.0	80.0	
Commercial paper*	0.0	40.0	[ICRA]A1+ assigned

*Instrument details are provided in Annexure – 1

A copy of the report from the credit rating agency covering the rationale for revision in credit rating is enclosed for your information.

We request you to take the same on record.

Thanking You

Yours faithfully,

FOR SANDHAR TECHNOLOGIES LIMITED


(Arvind Joshi)
Whole-Time Director,
Chief Financial Officer &
Company Secretary
DIN: 01877905



Sandhar Technologies Limited

Head Office: 13, Sector-44, Gurugram-122002, Haryana, India. Ph:+91-124-4518900
Registered Office : B-6/20, Local Shopping Complex, Safdarjung Enclave, New Delhi- 110029 Ph:+91-11-40511800
Email - enquiries@sandhar.in; website - www.sandhargroup.com; CIN - U74999DL1987PLC029553

CIN: L74999DL1987PLC029553

Sandhar Technologies Limited

October 08, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based – Working Capital Facilities	50.0	50.0	[ICRA]AA-(stable) outstanding
Fund-based/Non-fund Based – Working Capital Facilities	25.0	25.0	[ICRA]AA-(stable)/[ICRA]A1+ outstanding
Unallocated Limits	5.0	5.0	[ICRA]AA-(stable) outstanding
Total	80.0	80.0	
Commercial Paper	0.0	40.0	[ICRA]A1+ assigned

*Instrument details are provided in Annexure-1

Rating action

ICRA has assigned a rating of [ICRA]A1+ to the Rs. 40.0 crore¹ commercial paper programme of Sandhar Technologies Limited (STL)². ICRA also a long-term rating of [ICRA]AA- (pronounced ICRA double A minus) and a short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) outstanding for the Rs. 80.0 crore bank facilities of the company.

Rationale

The rating assigned takes into account the strong financial risk profile of STL, characterised by a conservative capital structure, comfortable liquidity profile and strong debt coverage indicators. The company had utilised a large portion of the proceeds of the IPO along with its cash accruals to prepay a major portion of the long-term debt obligations on its books (~Rs. 254.0 crore) in April 2018, which led to a significant improvement in its capital structure (STL is expected to report a gearing of ~0.3 times as of March 31, 2019). The ratings assigned also factor in the healthy operational performance of the company over the past 18 months, driven by strong growth in the end-user industry. Strong revenue growth, coupled with various cost efficiency measures undertaken by the company aided the expansion in its operating profit margins (improvement of ~180 bps) in FY2018. The reduction in debt, coupled with an expectation of continuation of stable operating performance is likely to help STL to report healthy debt coverage indicators with an expected total debt/OPBDITA of ~1.0 times in FY2019.

The ratings continue to favourably factor the company's established market position for various products with leading two-wheeler and four-wheeler original equipment manufacturers (OEM) in the domestic market. STL has a highly diversified product profile across multiple product segments, viz lock set assemblies, mirror assemblies, cabin fabrication, wheel assemblies, sheet metal components, door handles, handle bar assemblies, among others. Its strong product engineering and development capability, coupled with technological collaboration agreements with global players for certain products, has aided the maintenance of a healthy share of business for various OEMs over the years.

While the company remains exposed to segment and client concentration risk, with its two largest customers, Hero Motocorp Limited (HMCL) and TVS Motor Company Limited (TVS), accounting for ~50% of its revenues (at a consolidated level), the risk is, partially mitigated by STL's strong share of business across product segments and the leading market

¹100 lakh = 1 crore = 10 million

²For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications