

Press Release

Steel Strips Wheels Limited

October 22, 2019

Rating Withdrawn



Total Bank Facilities Rated*	Rs.15.00 Cr.
Long Term Rating	ACUITE A- (Downgraded from ACUITE A /Stable) Withdrawn*
Short Term Rating	ACUITE A2+ (Downgraded from ACUITE A1) Withdrawn*

* Refer Annexure for details

Rating Rationale

Acuite has downgraded the long term rating to '**ACUITE A-**' (read as **ACUITE A minus**) from '**ACUITE A**' (read as **ACUITE A**) and short term rating to '**ACUITE A2+**' (read as **ACUITE A two plus**) from '**ACUITE A1**' (read as **ACUITE A one**) on the Rs.15.00 cr. bank facilities of Steel Strips Wheels Limited (SSWL).

The operating parameters for FY2019 of the company have improved vis-à-vis FY2018; however, the magnitude of the improvement has been subsequently lower than Acuite's expectation. Acuite had factored in significant improvement in interest coverage and debt protection indicators arising out of improvement in EBITDA levels as a result of anticipated traction in the alloy wheel segment. Acuite however observes that the performance remains below its expectation.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

SSWL, a Punjab based company incorporated in 1985 by Mr. R.K. Garg (Chairman) and Mr. Dheeraj Garg (Managing Director) is engaged in manufacturing of steel wheel rims for passenger cars, utility vehicles, tractors, Light/heavy commercial vehicles and Alloy Wheel Rims for Passenger Cars. SSWL has four manufacturing units located at Dappar (Punjab) with an installed capacity of 9 million, Oragadam (Tamil Nadu) with an installed capacity of 6 million of wheel rims annually, Chennai truck wheel plant with an installed capacity of 1 million, Jamshedpur (Jharkhand) with an installed capacity of 1.6 million wheel rims annually and Mehsana (Gujarat) with an installed capacity of 1.5 million annually for Alloy Wheels.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the SSWL to arrive at this rating.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	2,047.54	1,522.32	1,334.12
EBITDA	Rs. Cr.	252.32	204.37	170.02
PAT	Rs. Cr.	82.36	75.09	55.68
EBITDA Margin	(%)	12.32	13.42	12.74
PAT Margin	(%)	4.02	4.93	4.17
ROCE	(%)	11.51	10.17	10.81
Total Debt/Tangible Net Worth	Times	1.45	1.75	1.69
PBDIT/Interest	Times	2.85	3.34	3.65
Total Debt/PBDIT	Times	3.75	4.78	4.67
Gross Current Assets (Days)	Days	121	172	147

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
06-Sep-18	Cash Credit	Long Term	10.00	ACUITE A /Stable (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A1 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A- (Downgraded from ACUITE A/Stable) Withdrawn
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A2+ (Downgraded from ACUITE A1) Withdrawn

Contacts

Analytical	Rating Desk
Aditya Gupta Head- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuite.in Avadhoot Mane Senior Analyst - Rating Operations Tel: 022-49294051 avadhoot.mane@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in

About Acuite Ratings & Research:

Acuite Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuite rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuite ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuite ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuite.