



STEEL STRIPS WHEELS LTD.

Works & Regd. Office

VILL. SOMALHERI/LEHI,
P.O. DAPPAR, TEHSIL DERABASSI,
29 KMS FROM CHANDIGARH
ON CHANDIGARH-AMBALA HIGHWAY,
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CIN: L27107PB1985PLC006159

Dated: 10.03.2021

Bombay Stock Exchange Limited
Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 513262

The National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Symbol: SSWL

Sub: Intimation of Credit Rating

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015, we hereby submit Credit Ratings obtained by the Company on one of the its Loan Facilities availed from Axis Bank.

The rating was assigned by Acuite Ratings & Research Limited on 6th September, 2018 as per the following details:

S.No.	Name of the Facilities	Size of the Issue (Rs. Crore)	Rating/Outlook
1.	Cash Credit	Rs. 10.00 Crores	ACUITE A/Stable
2.	Letter of Credit	Rs. 5.00 Crores	ACUITE A1

On 22.10.2019, Acuite Ratings & Research Limited revised the aforesaid rating as per the following details:

S.No.	Name of the Facilities	Size of the Issue (Rs. Crore)	Rating/Outlook
1.	Cash Credit	Rs. 10.00 Crores	ACUITE A- (Downgraded from ACUITE A/Stable) Withdrawn
2.	Letter of Credit	Rs. 5.00 Crores	ACUITE A2+ (Downgraded from ACUITE A1) Withdrawn

The said rating was withdrawn on 22.10.2019.

Copy of the Rating Letters and Withdrawal Letter are enclosed herewith for your reference.

Kindly take the above on your records please.

Thanking you.

Yours faithfully,

For Steel Strips Wheels Limited

(Shaman Jindal)

CGM-cum-Company Secretary

Enclosed: Credit Rating Letter & Withdrawal Letter

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Certified ISO 14001 by

Certified ISO/TS 16949 by



Press Release

Steel Strips Wheels Limited

September 06, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	ACUITE A / Outlook: Stable
Short Term Rating	ACUITE A1

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE A**' (read as **ACUITE A**) and short term rating of '**ACUITE A1**' (read as **ACUITE A one**) to the Rs. 15.00 crore bank facilities of Steel Strips Wheels Limited (SSWL). The outlook is '**Stable**'.

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.

The company caters to 2-3 wheelers, cars, passenger vehicles, tractors companies. The company caters to reputed OEMS such as Tata Motors, Ashok Leyland Ltd, Mahindra & Mahindra, Maruti Suzuki India Limited, Hyundai Motor India Limited and Honda Motor Cycles & Scooter to name a few. Out of the total revenue, 39.92 percent comes from light/heavy commercial vehicles, 33.54 percent comes from cars, 5.91 percent from 2-3 wheelers, 1.93 percent from other than road vehicles and 18.70 percent from the tractors.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Established presence in steel wheel industry and experienced management**

SSWL has a strong market share in the steel wheel market. SSWL has a market share of about 50 percent in the passenger vehicle steel wheel segment, a share of about 44 percent in the tractor segment, a share of 52 percent in the commercial vehicle segment and a share of about 70 percent in the off-road vehicle segment. Acuite believes that SSWL will be benefited by the established presence and experienced management in steel wheel industry over the medium term.

- **Healthy business profile with large scale of operations**

SSWL has healthy business profile marked by relationships with Original Equipment manufacturers (OEMs) operating in Auto industry such as Tata Motors, Ashok Leyland Ltd, Mahindra & Mahindra to name a few. SSWL's business profile is further likely to strengthen on account of the capex in its existing Tamil Nadu plant as well as the new project for alloy wheel rims for passenger cars at Mehsana plant. Further, the company has also added additional capacity in its Chennai truck wheel plant for steel wheel rims to cater to the increasing demand from the commercial vehicle segment. Chennai Truck plant has already started contributing to the revenues from February 2018 and Alloy wheel rims is expected to contribute from Q3 FY2019. SSWL's operating income stood at Rs.1522.32 crore in FY2018 ~14 percent growth from the previous year which stood at Rs.1334.12 crore in FY2017 and Rs.1189.29 crore in FY2016.

The operating margins are healthy at 13.42 percent in FY2018 as against 12.74 percent in FY2017. The reason for improvement in margins is on account of increased contribution from tractor segment and

commercial vehicle segment in FY2018 over FY2017. The net profitability margins also stood healthy at 4.93 percent in FY2018 as against 4.17 percent in FY2017. With further increase in alloy wheel production in FY2019 the EBITDA margins are expected to improve in the medium term. Acuite believes that SSWL will maintain healthy business profile along with growth in revenues and profitability margins on the back of capacity addition and new product added to the existing product profile (alloy wheel) over the near to medium term.

• **Comfortable working capital cycle with adequate liquidity**

SSWL has comfortable working capital cycle of 30 days in FY2018 as against 45 days in FY2017. However, the Gross Current Asset (GCA) days are moderate at 172 days in FY2018 as against 147 days in FY2017. The GCA days have increased on account of increase in inventory holding period and receivables in FY2018 over FY2017. The company has constant focus on managing its working capital cycle requirements. The cash flow from operations stood healthy at Rs.190.77 crore in FY2018 as against Rs.42.40 crore in FY2017. Acuite believes that SSWL will maintain its working capital cycle on the back of availability of adequate liquidity over the medium term.

• **Healthy financial risk profile**

The financial risk profile of SSWL is healthy marked by tangible net worth of Rs.581.85 crore as on 31 March, 2018 as against Rs.508.81 crore as on 31 March, 2017. The gearing (debt/equity) stood at 1.75 times as on 31 March, 2018 as against 1.69 times as on 31 March, 2017. The reason for gearing to increase is on account of debt funded capital expenditure undertaken by the company in FY2017 and FY2018. The interest coverage ratio is healthy at 3.34 times in FY2018 as against 3.65 times in FY2017. The debt service coverage ratio stood at 1.39 times in FY2018 as against 1.46 times in FY2017. Total outside liabilities to tangible net worth ratio stood at 2.74 times as on 31 March, 2018 as against 2.40 times as on 31 March, 2017. The net cash accruals for FY2018 stood at Rs.127.67 crore as against the debt obligation of Rs.119.68 crore in FY2017. The net cash accruals to total debt ratio stood at 0.13 times in FY2018 as against 0.12 times in FY2017. Acuite believes SSWL will maintain its financial risk profile on the back of healthy generation of net cash accruals over the near to medium term.

Weaknesses

• **Exposure to cyclical in the auto industry**

The revenues of SSWL are dependent on the automobile industry thus exposing the company to the cyclical trends in automobile industry. However, this risk is mitigated as the company has diversified product profile. At present, alloy wheels account for about 25-27 percent of domestic automotive wheel requirement in the Indian Passenger vehicle industry and its share is increasing gradually. The company has also added alloy wheel to its existing product portfolio.

Outlook: Stable

Acuite believes that SSWL will maintain a 'Stable' outlook over the medium term owing to its established presence in the steel wheel industry. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues while achieving sustained improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	1522.32	1334.12	1189.29
EBITDA	Rs. Cr.	204.37	170.02	146.45
PAT	Rs. Cr.	75.09	55.68	61.18
EBITDA Margin	(%)	13.42	12.74	12.31
PAT Margin	(%)	4.93	4.17	5.14
ROCE	(%)	10.18	10.72	11.84
Total Debt/Tangible Net Worth	Times	1.75	1.69	1.24
PBDIT/Interest	Times	3.34	3.65	4.29
Total Debt/PBDIT	Times	4.78	4.67	3.47
Gross Current Assets (Days)	Days	172	147	139

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.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>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A1

Contacts

Analytical	Rating Desk
Aditya Gupta Head – Corporate and infrastructure Rating Tel: 022-67141111 aditya.gupta@acuite.in Namita Palve Analyst - Rating Operations Tel: 022-67141111 namita.palve@acuiteinratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 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.

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

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Rating Withdrawal Letter

Private and Confidential

October 22, 2019

Mr. R.K. Garg
Chairman
Steel Strips Wheels Limited
Village Lehli/ Somalheri,
P.O. Dappar,
Chandigarh - 140 506
Chandigarh
Contact No - 8437707555

Dear Sir,

Re.: Bank Loan Rating for your Bank Facility of Rs. 15.00 Crore

Acuité Ratings & Research Limited has withdrawn the Long Term rating of '**ACUITE A-**' (**pronounced as ACUITE A minus**) and short-term rating of '**ACUITE A2+**' (**pronounced as ACUITE A two plus**) assigned to the bank facilities of your organisation. Please refer the enclosed Annexure-I for details.

We look forward to rating your debt issuances in future.

Yours truly,
For Acuité Ratings & Research Limited

Suman Chowdhury

Suman Chowdhury
President - Ratings

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An Acuité 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. Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Acuité 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 Acuité, Acuité's rating scale and its definitions.

Acuité Ratings & Research Limited

(erstwhile SMERA Ratings Limited)
SEBI Registered | RBI Accredited

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Rating Withdrawal Letter

ANNEXURE – I

Bank	Facilities	Scale	Amt. (Rs. Cr)	Ratings	Rating Action
Fund Based Facilities					
Axis Bank	Cash Credit	Long Term	10.00	ACUITE A- (Downgraded from ACUITE A/Stable)	Withdrawn
Total Fund Based Facilities			10.00		
Non-Fund Based Facilities					
Axis Bank	Letter of Credit	Short Term	5.00	ACUITE A2+ (Downgraded from ACUITE A1)	Withdrawn
Total Non-Fund Based Facilities			5.00		
Total Facilities			15.00		