

July 31, 2025

SKH Management Strategy Services India LLP: [ICRA]BBB(Stable); assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loans	120.00	[ICRA]BBB(Stable); assigned
Long-term – Unallocated limits	7.50	[ICRA]BBB(Stable); assigned
Total	127.50	

*Instrument details are provided in Annexure-I

Rationale

The rating assigned to the bank facilities of SKH Management Strategy Services India LLP (SKH LLP) factors in the expectation of a continued flow of management fees from various entities within the SKH Group, which is a part of the larger Krishna Group, a leading automotive component manufacturer with a long track record of operations. SKH LLP provides operational, managerial, and financial consultancy services to most of the SKH Group entities. The revenue growth prospects for those entities remain healthy, thereby offering comfort regarding a steady increase of management fees received by SKH LLP over the medium term. The rating also favourably factors in the financial flexibility enjoyed by SKH LLP for being a part of the Krishna Group.

The revenues of SKH LLP, which remain closely linked to those of the Group entities, have improved at a steady pace, registering a CAGR of 20% over the past five years, owing to sustained increase in the scale of operations of the Group entities. SKH LLP has a modest financial profile, characterised by a comfortable capital structure and moderate debt protection metrics. The firm remained debt-free until FY2024, and this, coupled with strong cash accruals, led to healthy net worth and robust coverage indicators.

In June 2024, the firm availed debt of Rs. 150 crore to support the SKH Group's acquisition of the chassis and body parts manufacturing segment of Magna Automotive India Private Limited. SKH LLP further advanced Rs. 170 crore in the form of 10% optionally convertible redeemable debentures to SKH M (the acquiring entity) to fund the acquisition consideration. ICRA notes that, to meet its repayment obligations, the firm has onboarded new Group entities from FY2024 and earns management fees from the same. This has helped it maintain adequate debt coverage metrics. These metrics are expected to improve steadily, supported by scheduled debt repayments and a consistent increase in cash flows from various Group entities (DSCR to remain at 1.4-1.6 times over the medium term).

The rating, however, remains constrained by SKH LLP's moderate scale of operations and its complete dependence on promoter group companies for revenue, resulting in client concentration risks. The group derives a majority of its revenues from Maruti Suzuki India Limited (MSIL), the leader in the domestic passenger vehicle (PV) industry, which provides healthy revenue visibility for the group companies and, consequently, for SKH LLP.

The Stable outlook on SKH LLP's rating reflects ICRA's opinion that the firm will continue to benefit from healthy cash flows, supported by steady performance of Group entities, enabling it to maintain adequate credit metrics.

Key rating drivers and their description

Credit strengths

Steady flow of management fee from Group companies provides revenue visibility – SKH LLP derives its management fee from Group companies under the leadership of Mr. Sunandan Kapur (SKH Group). The firm has recorded a consistent increase in the management fee over the past three years. Its business performance is directly linked to the overall growth of the Group. The SKH Group has demonstrated consistent revenue growth in recent years, supported by strong business linkages with Maruti Suzuki India Limited (MSIL), the leader in the domestic passenger vehicle (PV) industry. MSIL's volumes have grown steadily, enabling its ancillary companies to generate stable returns over time. SKH LLP is expected to continue to benefit from a steady revenue stream in the form of management fees amid a stable growth outlook for the SKH Group.

Financial flexibility for being a part of the Krishna Group – SKH LLP is a part of the larger Krishna Group, promoted by Mr. Ashok Kapur, a leading automotive component supplier in the Indian market. The Group's automotive business is divided into two verticals: the metal division (SKH Group) and the interior division. SKH LLP benefits from the Group's established relationships with various original automotive equipment manufacturers (OEMs). Additionally, SKH Sheet Metals Components Private Limited (SKH SMC) has provided an irrevocable and unconditional guarantee for the entire debt of SKH LLP. This support has enabled the firm to secure debt at relatively lower interest rates and offers comfort regarding SKH LLP's ability to meet its debt servicing obligations in a timely manner.

Credit challenges

Modest scale of operations; high dependence on Group entities for revenues – As the firm's revenues are entirely dependent on the Group's business, its scale is expected to remain constrained and closely tied to the growth of fellow Group entities. The firm recorded an operating income of Rs. 79.9 crore in FY2025 at a CAGR of approximately 20% (over the past 5 years), however, the same was achieved on a relatively lower base. This high dependence on Group entities also results in client concentration risk, and any material impact on their business profile would directly affect the credit profile of SKH LLP.

Moderate financial risk profile – The firm's financial risk profile remained healthy until FY2024, as it maintained a debt-free status. However, this profile moderated in FY2025 after the firm availed Rs. 150-crore term loan to partially fund the acquisition of Group entities. This led to a moderation of the capital structure and coverage indicators in FY2025, as reflected by a total debt-to-OPBDITA ratio of 2.2 times and an interest coverage ratio of 5.4 times. These metrics are expected to improve gradually, supported by scheduled repayments and stable cash flows.

Inherent risks in partnership nature of business – The firm remains exposed to challenges inherent in partnership businesses, including the risk of capital withdrawals by partners and the potential dissolution of the firm due to death, retirement, or insolvency of any partner.

Liquidity position: Adequate

SKH LLP's liquidity position is expected to remain **adequate**, aided by the expected cash flow from operations of around Rs. 30-35 crore in FY2026 against annual repayment obligation of Rs. 30 crore. The firm has free cash and liquid investments of Rs. 9.5 crore as of March 31, 2025. The liquidity is also likely to remain supported by the healthy intra-Group relations, which enable SKH LLP to receive management fee in a timely manner.

Rating sensitivities

Positive factors – A sustained improvement in revenues in the form of enhanced management fee from various Group entities, resulting in increased cash flows and a consequent improvement in the financial risk profile, could lead to a positive rating action.

Negative factors – Any weakness in the credit profile of Group companies, resulting in delay of receipt or reduction in management fee, could exert downward rating pressure. If the entity takes any further sizeable debt without a proportionate increase in the management fee income, resulting in deterioration of coverage indicators, could also exert rating pressure.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

SKH Management Strategy Services India LLP (SKH LLP) is a partnership firm equally held and promoted by Mr. Sunandan Kapur and Mrs. Supriya Kapur. Headquartered in Delhi, the firm was incorporated in 2014 and provides business, operational, financial, and management consultancy services to fellow SKH Group companies under the leadership of Mr. Sunandan Kapur. SKH Group of Companies includes SKH Sheet Metals Components Private Limited, SKH Metals Limited, SKH M India Private Limited, SKH Y-Tec India Private Limited, SIAC SKH India Cabs Manufacturing Private Limited, SKH Marelli Exhaust Systems Private Limited, Marelli SKH Exhaust Systems Private Limited, Krishna Grupo Antolin Private Limited and SKH Management Services Limited.

Key financial indicators

Standalone	FY2024	FY2025*
Operating income	66.8	79.8
PAT	32.8	39.7
OPBDIT/OI	74.0%	72.4%
PAT/OI	49.2%	49.8%
Total outside liabilities/Tangible net worth (times)	0.1	0.9
Total debt/OPBDIT (times)	-	2.2
Interest coverage (times)	112.5	5.4

Source: Company, ICRA Research; *Based on provisional financials for FY2025; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. Crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	120.00	Jul 31, 2025	[ICRA]BBB (Stable)	-	-	-	-	-	-
Unallocated	Long-term	7.50	Jul 31, 2025	[ICRA]BBB (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term-Fund-based – Term loan	Simple
Long-term – Unallocated limits	Not Applicable

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 analysing 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 are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	FY2025	NA	FY2029	120.00	[ICRA]BBB(Stable)
NA	Unallocated Limits	NA	NA	NA	7.50	[ICRA]BBB(Stable)

Source: Company

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

Annexure II: List of entities considered for consolidated analysis: Not applicable

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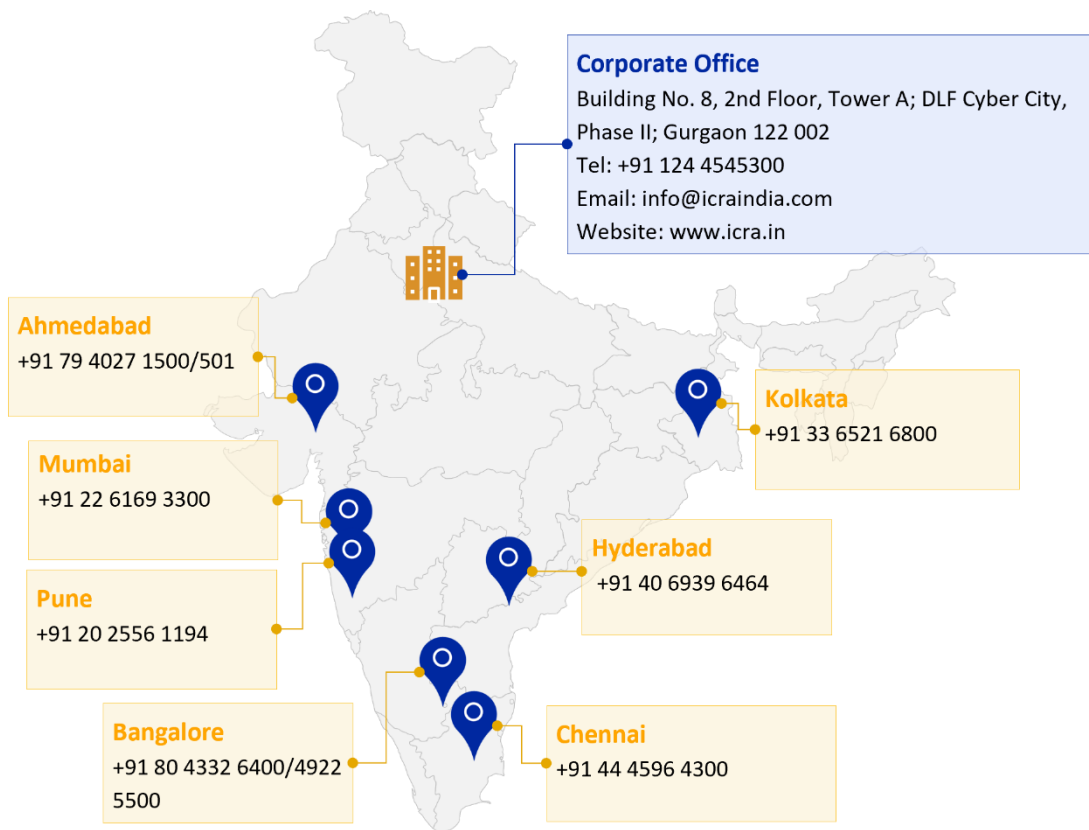
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