

October 17, 2025

SIGMA CORPORATION (INDIA) PRIVATE LIMITED: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based facilities - Export packing credit	40.00	44.00	[ICRA]A2+; reaffirmed and assigned for enhanced amount
Non-fund based facilities	2.50	2.50	[ICRA]A2+; reaffirmed
Fund Based Facilities-Term loan	9.14	18.51	[ICRA]BBB+(Stable); reaffirmed and assigned for enhanced amount
Unallocated: Long-term/Short term	0.86	9.49	[ICRA]BBB+(Stable)/ [CRA]A2+; reaffirmed and assigned for enhanced amount
Total	52.50	74.50	

*Instrument details are provided in Annexure-I

Rationale

ICRA has taken a consolidated view of Sigma Corporation (India) Private Limited (SCIPL) and its 77% subsidiary, Sigma Moulds and Stampings Private Limited (SMS), collectively referred to as the Group, while assigning the ratings, given the common management and strong financial linkages between the entities.

The ratings reaffirmation factors in ICRA's opinion that the Group will continue to maintain its operating and financial profiles in the near-to-medium term. The revenues of the Group, at a consolidated level, increased by 12.6% in FY2025 to Rs. 295 crore from Rs. 262 crore in FY2024. The Group's revenue grew on the back of steady demand in the replacement market. Despite the increase in revenues, SCIPL's operating profit margins (OPM) moderated in FY2025 due to a rise in employee costs, primarily driven by a one-time payment towards the retirement benefits of two directors and increase in directors' remuneration as well. Going forward, the Group is expected to benefit from its strategic shift towards higher-margin products and expansion into new export-oriented geographies. Its strong presence in the export aftermarket, particularly in the US, is likely to support business prospects, alongside an anticipated recovery in the European region. ICRA also notes that the Group generates 30-35% of its revenue from the US. However, the impact of recent increase in US tariffs on the company is not significant as its products are partly exempted from the 25% punitive tariff. Most of customers have agreed to bear the additional duties, thereby limiting the financial burden on the performance of the Group, as informed by the management. Further, its focus on improving efficiencies, reducing wastage and upgrading machines is expected to drive growth in operating cash accruals.

The ratings continue to factor in the Group's established presence in the automotive industry in the international replacement market, supported by experienced management and its in-house capabilities to design and manufacture components. Additionally, the ratings factor in ICRA's expectations that the Group's liquidity profile will continue to be strong, backed by its significant investment book. ICRA also notes that the Group's net worth has strengthened on account of monetisation of investments in the past. Strong net worth and limited debt have led to a healthy capital structure.

The ratings continue to be constrained by the Group's moderate scale, its working capital intensive business and relatively subdued returns from its core business operations. ICRA factors in the competitive and price sensitive nature of the industry, which limits its pricing power and margins amid volatility in input costs. Nonetheless, the Group's ability to partly pass on the price increase to its clients mitigates the risk to some extent. Further, the Group's revenues and profitability remain vulnerable

to forex fluctuations as a major part of the revenue is export driven. However, the Group hedges most receivable through forward contracts to protect itself from sudden adverse currency movements.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to benefit from its established position as a supplier of automotive products in the export replacement markets.

Key rating drivers and their description

Credit strengths

Experienced promoters and extensive track record in overseas replacement market and domestic automotive sector – SCIPL is the flagship entity of the Sigma Group and has an extensive experience in the automotive space. The Group is managed by the second and third-generation promoters, who are supported by an experienced management team. The promoters are present in the auto-ancillary space through Group companies¹, which strengthened their foothold in the automotive market.

Diversification in product mix and expansion in new geographies augur well for the company – The Group has a stable and reputed client base and an extensive product portfolio in the replacement market. Therefore, its business has largely remained stable over the years. Going forward, the Group is planning to expand its geographical base through setting up offices and acquiring new clients in the West Asian region. This apart, the Group has developed new products for its existing and newly acquired clients. The expansion in geography and new product developments are expected to drive growth, going forward. Also, in SMS, the company has developed new products for original equipment manufacturers (OEMs), which will take some time to scale up.

Comfortable liquidity profile, supported by healthy investment book – The Group has significant funds from monetisation of investments in its erstwhile two joint ventures, which have been mainly deployed in investments. Further, the amalgamation of its erstwhile subsidiary, Sigma Industries Limited (SIL), with the holding company, SCIPL, strengthened the Group's financial profile, supported by access to surplus cash and liquid investments on SIL's balance sheet. Although these funds have been on the Group's books for a while now and are parked as non-current investments, the fungibility of these funds with the manufacturing operations remains limited. As of March 31, 2025, the company had around Rs. 1,470 crore of investment on its book. The investments are managed by SCIPL's investment division and would be available to the manufacturing division in case of urgency or cash shortage. The promoters may deploy a part of these funds for a suitable opportunity, including inorganic growth, but nothing concrete has been committed yet.

Strong net worth and capital structure – The Group's net worth is strong on account of monetisation of investments in the past. Strong net worth, along with limited debt, led to a low gearing. While the capital structure remains strong with a gearing of about 0.1 times as of March 31, 2025, the debt coverage indicators moderated slightly on account of additional debt availed in SCIPL.

Credit challenges

Moderate scale of operations and weakening core profitability – The Group's overall scale of core operations remains moderate with consolidated revenues of about Rs. 295 crore in FY2025, a YoY growth of around 12.6%. The moderate scale of operations limits the Group's ability to absorb fixed overheads effectively and restricts the benefits from the economies of scale. Moreover, at a consolidated level, the operating profit margin (OPM) from its core business operations remains modest. The OPM of the Group declined over the last two fiscals to 6.4% in FY2025 from 10.2% in FY2023. This was primarily due to a moderation in the standalone OPM of SCIPL, which declined to 4.7% in FY2025 and 7.9% in FY2024 from 10.4% in FY2023. Its OPM dipped in FY2024 mainly because of higher freight expenses arising from the Red Sea crisis, the same declined in FY2025 due to higher employee expenses. However, ICRA notes that the OPM is expected to return to normal, as the majority of freight expenses are anticipated to be borne by the client.

¹ Also, erstwhile joint ventures (JVs) with foreign entities

Vulnerability of earnings to fluctuation in raw material costs and competition – The Group’s profit margins remain susceptible to the fluctuation in prices of raw materials. Despite the Group’s established position in the overseas automotive replacement market for anti-vibration components, it is subject to intense competition that limits its pricing power and profitability to some extent. Moreover, at the tier-II level, the manufacturing of sheet metal stampings is highly competitive, with a large number of unorganised players. This limits the Group’s pricing power in the domestic market.

Export driven revenues and profitability susceptible to fluctuation in forex rates – As most of the revenues is denominated in foreign currencies (USD, Euro and GBP), the Group’s revenues and profitability, over the years, have remained susceptible to the movements in forex rates. While the Group hedges a part of its exposure, any adverse exchange rate movement may impact its revenues and margins.

Liquidity position: Strong

The Group’s liquidity is strong, with limited debt repayments (at a consolidated level) in the range of Rs. 11-14 crore each year over the next three years, which can be serviced comfortably by its expected surplus cash flows. Further, the strong investment book lends comfort to the overall liquidity position of the Group. The funds may be used to address any funding gap, if need arises. Income from liquid investments continues to support the Group’s earnings. Going forward, deployment and returns related to these funds would be closely monitored, as it would impact the Group’s liquidity profile.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the Group is able to attain a sustained and significant revenue growth, along with an improvement in profitability and coverage indicators. Specific metric for ratings upgrade includes total debt/OPBIDTA of less than 2.3 times on a sustained basis.

Negative factors – The ratings could be downgraded if there is sustained pressure on revenues and profitability. Additionally, a high debt-funded capital expenditure or large acquisition, or a significant increase in loans extended to Group companies, or any material dividend payout will adversely impact the financial risk profile and could be a negative rating trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial statements of SCIPL and SMS

About the company

Sigma Corporation, established in 1964, was converted into Sigma Corporation (India) Private Limited (SCIPL) in 1995. It manufactures anti-vibration rubber-to-metal bonded components for automotive applications. SCIPL is the holding company of the North India-based Sigma Group, which derives the major portion of its revenues from the export after-market, particularly in the US and Europe. The company’s wholly-owned subsidiary, Sigma Global Inc, provides liaison support to SCIPL in the US. SCIPL’s 77% owned subsidiary, Sigma Moulds and Stampings Private Limited, manufactures sheet metal components for automotive applications and is a tier-I & II supplier.

Key financial indicators

SCIPL Consolidated	FY2024	FY2025*
Operating income	262.0	295.0
PAT	59.7	84.8
OPBDIT/OI	8.3%	6.4%
PAT/OI	22.8%	28.7%
Total outside liabilities/Tangible net worth (times)	0.1	0.1
Total debt/OPBDIT (times)	5.2	6.5
Interest coverage (times)	2.3	2.0

Source: Company, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore, *-Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs crore)	Oct 17,2025	Date	Rating	Date	Rating	Date	Rating
Unallocated	Long Term/Short Term	9.49	[ICRA]BBB+ (Stable)/[ICRA]A2+	Oct 29, 2024	[ICRA]BBB+ (Stable)/[ICRA]A2+	Jul 27, 2023	[ICRA]BBB+ (Stable)/[ICRA]A2+	May 19, 2022	[ICRA]BBB+ (Stable)/[ICRA]A2+
				Nov 21, 2024	[ICRA]BBB+ (Stable)/[ICRA]A2+	-	-	-	-
Fund Based-Term Loan	Long Term	18.51	[ICRA]BBB+ (Stable)	Oct 29, 2024	[ICRA]BBB+ (Stable)	Jul 27, 2023	[ICRA]BBB+ (Stable)	-	-
				Nov 21, 2024	[ICRA]BBB+ (Stable)	-	-	-	-
Fund Based-Export Packing Credit	Short Term	44.00	[ICRA]A2+	Oct 29, 2024	[ICRA]A2+	Jul 27, 2023	[ICRA]A2+	-	-
				Nov 21, 2024	[ICRA]A2+	-	-	-	-
Non Fund Based-Others	Short Term	2.50	[ICRA]A2+	Oct 29, 2024	[ICRA]A2+	Jul 27, 2023	[ICRA]A2+	May 19, 2022	[ICRA]A2+
				Nov 21, 2024	[ICRA]A2+	-	-	-	-
Fund Based-Cash Credit	Short Term			-	-	-	-	May 19, 2022	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Export packing credit	Simple
Non-fund based facilities	Very Simple
Term loans	Simple
Unallocated	NA

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	Export packing credit	NA	NA	NA	44.00	[ICRA]A2+
NA	Non-fund based facilities	NA	NA	NA	2.50	[ICRA]A2+
NA	Term loans	FY2023	NA	FY2030	18.51	[ICRA]BBB+ (Stable)
NA	Unallocated	NA	NA	NA	9.49	[ICRA]BBB+ (Stable)/ [ICRA]A2+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	SCIPL* Ownership	Consolidation Approach
Sigma Corporation India Limited	-	-
Sigma Moulds and Stamping Private Limited	76.67%	Full consolidation
Sigma Global Inc.	100%	Full consolidation
KJP & Associates	25%	Equity method

Source: Company, *parent company

ANALYST CONTACTS

Jitin Makkar

+91 124-4545368

jitinm@icraindia.com

Uday Kumar

+91 1244545867

uday.kumar@icraindia.com

Lakhan Kumar Agarwal

91 124-4545879

lakhan.agarwal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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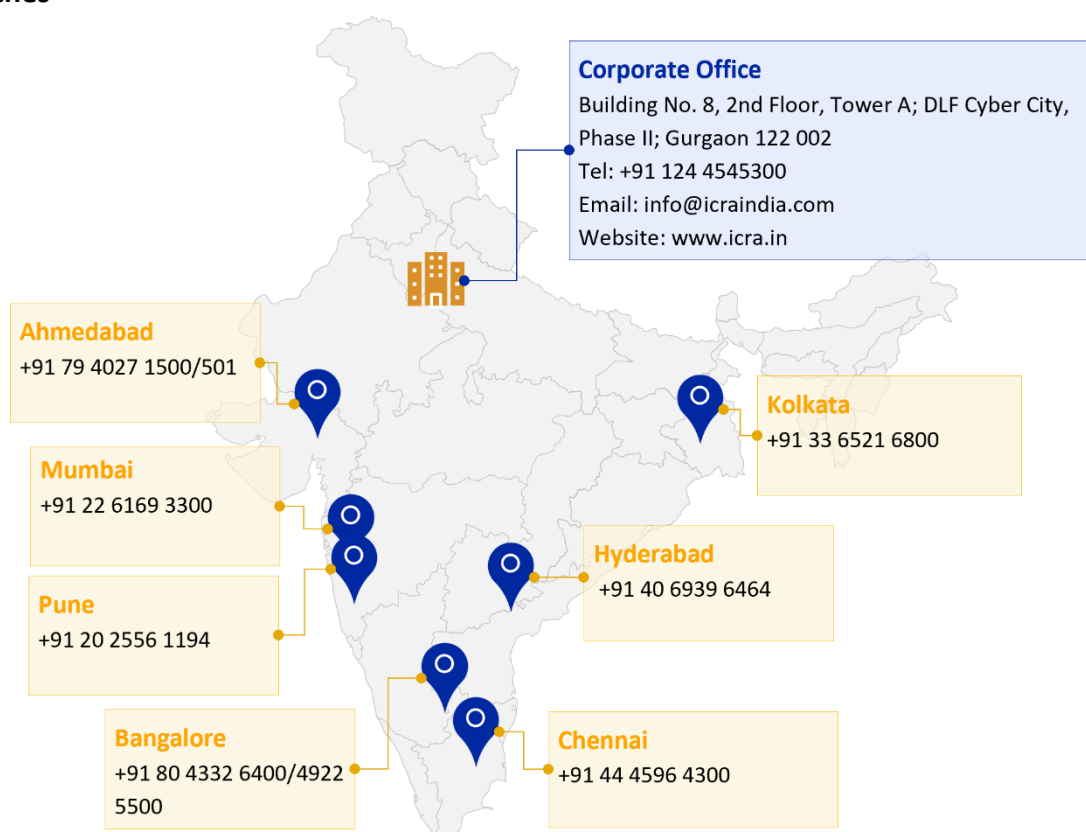
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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