July 21, 2026

Sany Heavy Industry India Private Limited: Ratings downgraded to [ICRA]BBB+ (Negative)/[ICRA]A2; outlook revised to Negative

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Unallocated limits	100.00	100.00	[ICRA]BBB+ (Negative); downgraded from [ICRA]A- and outlook revised to Negative from Stable	RBI
Short-term – Unallocated limits	100.00	100.00	[ICRA]A2; downgraded from [ICRA]A2+	RBI
Total	**200.00**	**200.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The rating downgrade for Sany Heavy Industry India Private Limited (SHIL) reflects the sharp deterioration in operating profitability in FY2026, with the company reporting an operating loss compared to an operating profit of 7.8% in FY2025 on account of adverse forex movements, with absence of hedging, which increased the cost of imported raw materials and components, leading to losses on outstanding payables. The operating margin was also impacted due to higher operating expenses, including freight costs. The Negative outlook reflects the near-term pressure on the financial profile, mainly on operating margins, given the sustained exposure to adverse forex movements (given the high imports), and high financing charges. The weakness in operating performance also led to weakening of coverage and moderation of leverage metrics in FY2026. While operating profitability is expected to improve over the near-to-medium term, supported by price hikes and increasing localisation, the recovery of the same remain a key rating monitorable.

The ratings continue to be constrained by intense competitive pressures in the industry and the company's aggressive pricing strategy, which limit margin expansion. The company also remains exposed to working capital intensity, driven by high inventory requirements and elongated receivable cycles. Further, SHIL also maintains provisions against a portion of its higher-risk receivables. The ratings are also constrained by the company's elevated leverage position, with TOL/TNW (total outside liabilities/tangible net worth) at 5.3 times as on March 31, 2026 (3.8 times as on March 31, 2025). Historically, SHIL has relied extensively on vendor credit, including from Group entities, resulting in a structurally high leverage profile. While this funding structure supports working capital requirements, it also exposes the company to input cost volatility and forex-related risks due to its dependence on imported components. The company's planned hedging of forex exposures in future is expected to mitigate currency-related vulnerabilities and support profitability going forward; however, its impact remains to be seen. Despite the operating loss and the deterioration in the financial profile, SHIL generated positive cash flow from operations in FY2026, aided by a significant improvement in working capital intensity to 1.3% from 10.6% in FY2025, . The resultant cash generation enabled the company to fund sizeable capital expenditure and repay term debt using internal accruals.

The ratings, however, continue to draw comfort from SHIL's proven business profile, characterised by a diversified product portfolio and a leading position in several domestic mining and construction equipment (MCE) segments. These strengths have supported growth despite volatility in end-user industries. SHIL also benefits from its large scale of operations, with operating income increasing at a five-year CAGR of 27% during FY2021–FY2026 to Rs. 6,790.9 crore in FY2026. Despite a decline in excavator revenue in FY2026, the hoisting equipment (HE) segment continued to grow strongly, supported by infrastructure and renewable energy investments. Telehandler sales moderated due to a temporary US tariff-related suspension but are expected to recover following the resumption of sales. ICRA expects operating income to grow steadily in the near term, supported by gradual growth across excavators, hoisting equipment, mining equipment, telehandlers and newer product categories. The ratings further benefit from the operational, technological and financial support available from the parent, Sany Heavy Industry Co., Ltd. (SANY), one of the largest global MCE manufacturers

Key rating drivers and their description

Credit strengths

Strong sponsor profile; access to SANY's global product portfolio – SHIL is a wholly-owned subsidiary of the China-based SANY, which is a global major in the construction equipment industry. The company benefits from the extensive product portfolio, its global presence and the Group's technological knowledge. SHIL meets a significant proportion of its raw material requirements from SANY and its Group companies. It benefits from the financial support in the form of extended credit period by the Group companies. SHIL benefits from the Group's strong financial flexibility, as reflected in fund raised at attractive rates. The involvement of senior personnel from the SANY Group, including the Vice Chairman on SHIL's board, indicates its strategic importance for the parent Group.

Diversified product portfolio with leading market position domestically in HE, excavators and mining dumpers – The company has a diversified product profile with HE (cranes and piling rigs) segment accounting for the largest share, excavators being the second largest, followed by mining equipment constituting and telehandlers of the overall revenues in FY2026. SHIL is also focusing on introducing new product categories like aerial work platforms, forklifts, port pullers, heavy duty trucks, road construction equipment etc, which will support its revenue growth and operating margins, going forward.

Large scale of operations – SHIL also benefits from its large scale of operations, with operating income increasing at a five-year CAGR of 23% during FY2022–FY2026 to Rs. 6,790.9 crore in FY2026. Despite a decline in excavator revenue in FY2026, the hoisting equipment (HE) segment continued to grow strongly, supported by infrastructure and renewable energy investments. Telehandler sales moderated due to a temporary US tariff-related suspension but are expected to recover following the resumption of sales.

Credit challenges

Vulnerability to fluctuations in input prices and forex rates – SHIL's profitability remains vulnerable to fluctuations in input prices and forex rates, amid intense competition. Imports accounted for a moderately high share of the total raw material and trading goods purchases, exposing the company to volatility in raw material prices. Further, being a net importer (as the company relies on Group companies for the procurement of trading stock), it has sizeable unhedged foreign currency exposures, which make SHIL susceptible to any adverse movements in forex rates, as seen in the past. The same is reflected in losses in FY2026, wherein Indian rupee faced sharp decline against the Chinese Yuan, leading to rise in raw material costs, which was not offset by rise in finished goods prices. To counter this issue, the company is looking at hedging from the current fiscal onwards, and the impact of the same remains to be seen.

Leveraged capital structure; elongated receivable cycle – SHIL's operations remain working capital-intensive due to its high inventory requirements and elongated receivables, despite an improvement in FY2026. This was supported by reduced quantum of deferred sales. The company has funded its working capital requirement through extended credit periods from its parent entity, resulting in an elevated leverage (TOL/TNW of 5.3 times as of March 2026). Despite steps to gradually reduce its creditor outstanding, the overall leverage is likely to remain high in the near to medium term. Given the asset liability mismatch, SHIL's ability to get extended credit period from its supplier remains important to support its liquidity position.

Competitive industry and inherent cyclicality in end-user industry – The industry is intensely competitive across the product segments, limiting its overall pricing power. Further, the MCE industry is cyclical in nature with performance dependent on investments in the end-user industry such as infrastructure, mining, and construction. The cyclical nature of the industry exposes SHIL's operating performance to demand swings that reflect the prevalent economic cycles.

Liquidity position: Adequate

SHIL's liquidity position is expected to remain adequate, aided by cash balances of Rs. 165.1 crore and undrawn working capital lines of over Rs. 400 crore. The company is expected to undertake annual capex of ~Rs. 100 crore, which is expected to be funded through internal accruals. Due to the absence of any term debt, SHIL's liquidity is supported by the absence of scheduled repayment over the near term. Notably, its working capital cycle is largely supported by the extended credit period from its Group entities. Any revision in the SANY Group's policy towards the extended credit period to SHIL, adversely impacting its liquidity position, remains a key monitorable.

Rating sensitivities

Positive factors – The outlook can be revised to Stable if there is a material and sustained improvement in profitability and working capital cycle, and/or upon a long-term fund infusion resulting in an improved asset-liability position while maintaining adequate liquidity on a sustained basis.

Negative factors – Pressure on SHIL's ratings could arise if the company is not able to improve its profitability and/or experiences a deterioration in the working capital cycle, or if it undertakes any large debt-funded capex that adversely impacts its coverage metrics, capital structure and liquidity position on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction Vehicles
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Sany Heavy Industry India Private Limited. As on March 31, 2026, the company had one subsidiary that is listed in Annexure II.

About the company

SHIL, incorporated in 2002, was initially set up as a marketing company for the SANY Group's products in India. The Group invested in a manufacturing facility in 2006, and the plant became operational in 2009. The company manufactures and/or assembles excavators, hoisting equipment, mining equipment and concrete equipment such as truck cranes, concrete mixers and batching plants and motor graders in India. It also trades some of the products of its parent company in India. SHIL is present in the export markets (Southeast Asia, North America and the SAARC nations) and has a subsidiary in Bangladesh. However, at present, its revenue profile is dominated by the domestic market.

Key financial indicators

SHIL (consolidated)	FY2025	FY2026*
Operating income (in Rs. crore)	6,716.6	6,790.9
PAT (%)	284.4	(331.8)
OPBDIT/OI (%)	7.8%	(2.3%)
PAT/OI (%)	4.2%	(4.9%)
Total outside liabilities/Tangible net worth (times)	3.83	5.33
Total debt/OPBDIT (times)	0.93	(1.39)
Interest coverage (times)	3.18	(0.73)

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2027)			Chronology of rating history for the past 3 years					
			FY2027	FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	July 21, 2026	Date	Rating	Date	Rating	Date	Rating
Unallocated limits	Long-term	100.00	[ICRA]BBB+ (Negative)	Apr 29, 2025	[ICRA]A- (Stable)	-	-	Jan 31, 2024	[ICRA]BBB+ (Stable)
Unallocated limits	Short-term	100.00	[ICRA]A2	Apr 29, 2025	[ICRA]A2+	-	-	Jan 31, 2024	[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Unallocated limits	Not applicable
Short-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	Financial Sector Regulator#
NA	**Long-term - Unallocated limits**	NA	NA	NA	100.00	[ICRA]BBB+ (Negative)	RBI
NA	**Short-term - Unallocated limits**	NA	NA	NA	100.00	[ICRA]A2	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	Relation	Ownership	Consolidation approach
Sany Heavy Industry Bangladesh Limited	Subsidiary	100.00%	Full consolidation

Source: Company

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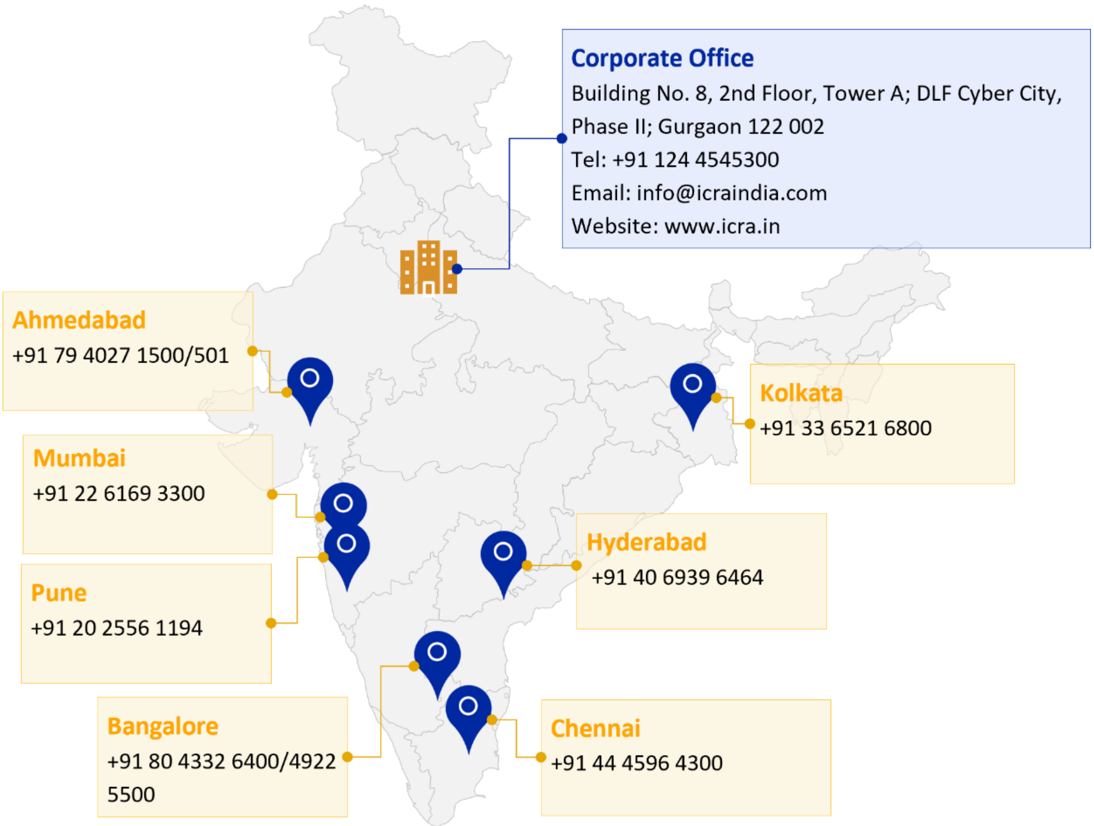

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