July 28, 2026

SIAC SKH India Cabs Manufacturing Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term – Fund-based – Term loans	3.00	-	-	RBI
Long term – Fund-based – Working capital	90.00	90.00	[ICRA]BBB+ (Stable); reaffirmed	RBI
Short term – Interchangeable limits	(15.00)	(15.00)	[ICRA]A2; reaffirmed	RBI
Long-term – Unallocated limits	-	20.00	[ICRA]BBB+ (Stable); assigned	RBI
Total	**93.00**	**110.00**		

**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 reaffirmed ratings of SIAC SKH India Cabs Manufacturing Private Limited (SIAC SKH) factor in the expectation of the company's steady operational performance, aided by a strong share of business in supplies of cabins to JCB India Limited (JCB), the market leader in the domestic backhoe loader segment. The reaffirmation also factors in the expectation of continued moderation in the leverage indicators (total debt/OPBITDA has moderated to around 1.9 times in FY2026 from 4.8 times in FY2022), aiding the company in maintaining healthy coverage indicators. The company's revenues have improved at a steady pace over the past few years to Rs. 1,003 crore in FY2026 (from Rs. 752.5 crore in FY2023), aided by stable demand for infrastructure development and construction activities. Continued steady end-user demand, coupled with expectations of a ramp-up in supplies for new businesses secured, is expected to help the company generate steady cash accruals going forward.

The ratings continue to favourably factor in the technological support enjoyed by SIAC SKH from its parent company, SIAC S.p.A., a leading European designer and manufacturer of cabins for off-highway applications for various global original equipment manufacturers (OEMs). Benefitting from this technological support, SIAC SKH has gained business across various vehicle segments of JCB and Caterpillar India Private Limited (Caterpillar) over the years. The technological support from SIAC S.p.A. underpins the company's ability to adapt to the changing technological requirements of OEMs for different types of construction equipment.

Despite the improvement in the scale of operations over the past two years, the EBIDTA margin for the company remained muted at 2.5% in FY2026 and 3.3% in FY2025, with SIAC SKH continuing to pay out a significant portion of its profits as royalty to SIAC S.p.A. and as a management fee to the promoter entity. The scale of operations is expected to grow at a moderate pace over the next few years, aided by an increase in supplies to new customers. A substantial reduction in term debt over the past two years, along with lower utilisation of the working capital limits, has improved the company's capital structure and coverage metrics (interest coverage of 6-7 times in FY2026). These metrics are likely to remain healthy, as the company does not have any material capex plans.

The ratings continue to be constrained by the inherent cyclical nature of the mining and construction equipment (MCE) industry, which exposes the company to periodic downturns in demand. SIAC SKH also remains exposed to client concentration risk, with around 90% of its revenues generated from a single customer, JCB. The risk is, however, mitigated to an extent by JCB's market leadership in the backhoe loader segment and SIAC SKH's strong share of business with the customer. Further, the company has reduced its dependence on JCB over the last two years by increasing its revenues from Caterpillar and supplying cabins (albeit in small quantities) to other customers, viz., Tadano Ltd., Manitou Group and CASE New Holland (CNH) Ltd., among others. The company has also onboarded some new customers in the recent past, with supplies expected to increase in FY2027. As the scale of these supplies is currently limited, the company's growth prospects will continue to be primarily linked to those of JCB India over the near-to-medium term.

The Stable outlook on the long-term rating reflects ICRA's opinion that SIAC SKH will continue to benefit from its strong technological capabilities, helping it maintain a strong share of business with JCB and generate steady cash accruals.

Key rating drivers and their description

Credit strengths

Technological support from parent entity aids in design and development capabilities; synergistic benefits for being a part of the Krishna Group – SIAC SKH enjoys access to technological support from its parent company, SIAC S.p.A., a leading European designer and manufacturer of cabins for agricultural machinery, dozers, excavators, forklifts, backhoe loaders and other mining and construction equipment for various global OEMs. The technological support from SIAC S.p.A. aids the company in adapting to JCB's changing technological requirements, thereby helping it maintain a healthy share of business in cabin supplies. The company also derives various synergistic benefits (such as raw material procurement) from being a part of the Krishna Group, a leading automotive component supplier in the domestic market.

Strong business position as sole supplier for cabins to JCB – SIAC SKH is a leading supplier of cabins to JCB, the market leader in the domestic backhoe loader segment. The company enjoys a 100% share of business (SOB) in the backhoe loader segment for JCB's Ballabhgarh (Haryana) and Jaipur (Rajasthan) plants. Apart from supplies to JCB for the domestic market, SIAC SKH also supplies cabins for JCB's export requirements. Its strong business position provides healthy revenue visibility.

Comfortable capital structure and debt coverage indicators – A sustained improvement in the scale of operations over the past few years, coupled with stable profitability, has led to an improvement in the company's capital structure. The overall debt has reduced from Rs. 126 crore as of March 31, 2022, to about Rs. 48-50 crore as of March 31, 2026. Coupled with stable accruals to net worth, the company's overall capital structure has improved, as indicated by an expected gearing of around 0.4 times as of March 31, 2026, against 1.6 times as on March 31, 2022. With stable profitability and a consistent reduction in debt, total debt/OPBITDA has improved to about 1.9 times in FY2026 from 4.8 times in FY2022. Going forward, a sustained improvement in the scale of operations, coupled with stable profitability, is expected to further strengthen the capital structure and debt coverage indicators.

Credit challenges

Exposed to high client concentration risk; JCB's market leadership status mitigates risk – Around 89% of SIAC SKH's revenues in FY2026 came from a single customer, JCB. Although the heavy dependence on JCB results in high client concentration risk, it is mitigated to a large extent by JCB's market leadership in the backhoe segment (~80% market share in India) and SIAC SKH's healthy SOB with JCB. ICRA expects the company's dependence on JCB to remain high over the near-to-medium term, even as it continues to focus on securing business from new clients (in the construction equipment as well as tractor segments) to diversify its customer base.

Inherent cyclicality of MCE industry – The performance of the MCE industry is strongly linked to the underlying performance of the Indian economy and the pace of infrastructure investments, leading to cyclicality in the industry. The company's ability to successfully navigate these cycles remains critical. The increase in input prices owing to changes in emission norms and hardening input costs, along with extended monsoons and muted rentals, were the major factors resulting in volume variances in FY2026. This had a bearing on SIAC SKH's volumes as well, which moderated by about 3%, thereby affecting its operational performance. The impact was, however, mitigated by an increase in realisations owing to the CEV-V-driven addition of components to the cabin. Going forward, volumes are expected to grow at a modest pace again, aided by the expectation of improved demand in the mining and construction equipment sector.

Thin profit margins constrain return indicators – The company's operating profit margins have remained thin over the past three years, in the range of 2-4%, as the JV partners withdraw profits in the form of royalty (SIAC) and management fee (promoter entity) of 2.5% each on sales to JCB. This has constrained the return indicators, as reflected in a RoCE of around 10% in FY2026. Going forward, the margins are expected to remain at levels similar to those in FY2026, as the management will continue to pay management fees and royalties to the JV partners in the absence of any material capex plans or repayment obligations.

Liquidity position: Adequate

SIAC SKH's liquidity profile remains adequate, supported by the availability of undrawn working capital limits (average of Rs. 41 crore as of March 2026 against the drawing power), as well as the expectation of steady cash accruals (Rs. 12-15 crore per annum). Against this, the company has marginal repayment obligations and limited maintenance capex plans. SIAC SKH is expected to largely meet its funding requirements over the near term through internal accruals. Moreover, the company continues to enjoy healthy financial flexibility as a part of the Krishna Group.

Rating sensitivities

Positive factors – An upgrade in the ratings could be triggered by a sustained increase in the company's scale of operations, coupled with improved customer diversification, enabling the company to further strengthen its return and debt coverage indicators.

Negative factors – The ratings could be downgraded if there is a sizeable decline in the scale of operations due to headwinds in the MCE industry, weakening the company's financial risk profile. Further, a significant decline in the company's share of business with JCB could also negatively impact the ratings. A specific credit metric for a ratings downgrade includes total debt/OPBITDA exceeding 2.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit rating methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

SIAC SKH, incorporated in 2009, is a joint venture between SKH Sheet Metal Components Pvt. Ltd. (50%; a holding company for the metal division of the Krishna Group, a leading automotive supplier with presence across various sectors such as real estate, media and travel) and SIAC S.p.A. (50%; a leading European manufacturer of cabins for mining, construction equipment and agricultural machinery). The company is involved in the fabrication of cabins for construction equipment manufacturers such as JCB and Caterpillar, with a presence across different product segments, viz., backhoe loaders, wheeled loaders, skid steer loaders, etc. It has three plants, one each at Prithla (Haryana; supporting JCB's Ballabhgarh plant), Jaipur (Rajasthan; supporting JCB's Jaipur plant) and Pune (Maharashtra; supplying to Caterpillar's plant). SIAC SKH has a combined annual production capacity of ~91,400 cabins.

Key financial indicators

Standalone	FY2025	FY2026*
Operating income	954.2	1,003.5
PAT	11.1	9.7
OPBDIT/OI	3.3%	2.5%
PAT/OI	1.0%	1.0%
Total outside liabilities/Tangible net worth (times)	1.7	1.6
Total debt/OPBDIT (times)	1.6	1.9
Interest coverage (times)	5.2	6.7

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Provisional financials for FY2026**
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

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Jul 28, 2026	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	-	-	May 26, 2025	[ICRA]BBB+ (Stable)	Apr-25-2024	[ICRA]BBB (Stable)	-	-
Working capital	Long-term	90.00	**[ICRA]BBB+(Stable)**	May 26, 2025	[ICRA]BBB+ (Stable)	Apr-25-2024	[ICRA]BBB (Stable)	-	-
Interchangeable limits	Short-term	(15.00)	**[ICRA]A2**	May 26, 2025	[ICRA]A2	Apr-25-2024	[ICRA]A3+	-	-
Unallocated limits	Long-term	20.00	**[ICRA]BBB+(Stable)**	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Working capital limits	Simple
Short-term – Interchangeable limits	Simple
Long-term – Unallocated limits	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	Financial sector regulator#
NA	**Fund-based working capital**	NA	NA	NA	90.00	[ICRA]BBB+(Stable)	RBI
NA	**Interchangeable limits**	NA	NA	NA	(15.00)	[ICRA]A2	RBI
NA	**Unallocated limits**	NA	NA	NA	20.00	[ICRA]BBB+(Stable)	RBI

Source: Company data

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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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ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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