November 21, 2025

Shetron Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund based -Term loan	18.16	16.84	ICRA]BB+ (Positive); reaffirmed
Long-term - Fund based - Cash credit	33.75	33.75	ICRA]BB+ (Positive); reaffirmed
Short-term – Non fund based limits	49.00	49.00	[ICRA]A4+; reaffirmed
Long-term /Short term - Unallocated limits	0.00	1.32	[ICRA]BB+ (Positive)/[ICRA]A4+; reaffirmed
Total	**100.91**	**100.91**	

**Instrument details are provided in Annexure-I*

Rationale

The rating reaffirmation of the bank lines of Shetron Limited (Shetron) considers an expected improvement in the operational and financial performances over the medium term, supported by the extensive experience of its promoters in the metal packaging and battery jackets manufacturing business, a reputed customer profile and established relationships with domestic and overseas suppliers. Shetron's revenues moderated by 4% on a year-over-year (YoY) basis to Rs. 230.1 crore in FY2025, due to decline in revenues from the battery segment. However, a modest 5% YoY growth was seen in H1 FY2026, with an increase in volumes processed in the food packaging division, where the demand prospects remain favourable. The company's operating margins dropped to 7% in H1 FY2026 from 8.2% in FY2025. Nevertheless, lower interest costs due to better supplier factoring terms supported an improvement in the interest coverage ratio to 3.0 times in H1 FY2026, up from 2.3 times in FY2025. Going forward, the coverage ratios are expected to improve with repayment of the term loan, improvement in profitability and no major debt-funded expansions planned by the entity.

The ratings, however, remain constrained by the vulnerability of margins to raw material price fluctuations and the moderate scale of operations, with growth confined to range-bound sales from the battery jackets segment amid limited demand. However, the same is expected to be covered by the incremental sales from the food packaging division with a focus on value-added products. The ratings are also constrained by its working capital-intensive nature of operations due to high inventory holding, the company's vulnerability to adverse fluctuations in foreign exchange (forex) rates and supplier concentration risks.

The Positive outlook reflects ICRA's expectation of an improvement in Shetron's scale of operations and margins over the near-to-medium term, driven by the likely returns from capacities recently added in the food packaging division.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in the metal packaging and battery jackets manufacturing sector – Shetron's operations are managed by Mr. Diwakar Shetty, Mr. Kartik Nayak and Mr. Praveen Mally, who have more than three decades of industry experience. This has helped the company establish its position in the market and grow its relationships with its overseas as well as domestic suppliers.

Reputed customer profile in the battery, food and pharmaceutical sectors – Shetron's client base consists of well-known battery manufacturers, fast-moving consumer goods (FMCG) firms, manufacturers of packaged foods, fruit processors as well as pharmaceutical companies. Its presence in the domestic as well as international markets has garnered repeat orders from its clients over the years.

Steady improvement in debt protection metrics alongside favourable market prospects for food and beverage (F&B) tin cans amid increasing consumer demand and ban on plastics – Shetron's revenue remained flat at Rs. 230.1 crore and the OPM moderated by 173 basis points (bps) to 8.2% in FY2025. In H1 FY2026, the company reported revenues of Rs. 129.2 crore, with a profit after tax (PAT) of Rs. 2.7 crore. The debt protection metrics improved marginally with total debt (TD)/operating profit before depreciation, interest, taxes and amortisation (OPBIDTA) at 2.5 times in FY2025, from 2.7 times in FY2024. The interest coverage rose to 3.0 times in H1 FY2026 from 2.3 times in H1 FY2025, with better bill discounting terms negotiated with its suppliers. The debt protection metrics are expected to improve with no major debt-funded capital expenditure (capex) planned in the near-to-medium term, expected decline in interest cost and reduction in the long-term debt with ongoing repayments. There is also an increasing awareness on environmental issues and the resultant ban on plastics, with demand for recyclable metal rising over the years. Moreover, the changing lifestyle of consumers has also led to higher demand for canned F&B products, which offer favourable revenue prospects for Shetron. Further, the company has ventured into the general packaging business with a value-added product line consisting of twist-off caps, polyvinyl chloride (PVC) free caps and decorative cans, which have less seasonality than food packaging and augurs well for its growth.

Credit challenges

Moderate financial risk profile with working capital-intensive nature of operations – The overall financial risk profile of the company remains moderate. Its operating margins declined to 7% in H1 FY2026 from 8.2% in FY2025. There was an improvement in the interest coverage ratio to 3.0 times in H1 FY2026, up from 2.3 times in FY2025, which was supported by lower interest costs due to better supplier factoring terms. The company's venture into the general packaging business with its value-added product line is expected to provide a boost in revenue and margin growth. While debt protection metrics have improved over the last two fiscals, they remain within moderate levels. The working capital intensity, which is net working capital (NWC)/operating income (OI), stood at 22% in FY2025, improving from 28% in FY2024, as the company took steps to streamline payment terms with suppliers and customers. However, the raw material inventory remains elevated because of the lengthy end-to-end manufacturing cycle. This also leads to high reliance on working capital borrowing. Moreover, Shetron's ability to manage the cash flows and debtors' recovery will be critical from a liquidity perspective.

High supplier concentration risk – Shetron procures its raw materials from domestic and overseas markets like Taiwan, China, Japan, South Korea and Germany. The company's supplier base has remained concentrated, with a single supplier meeting around 46% and 54% of its total requirements in FY2025 and 5M FY2026, respectively. While dependence on a single customer has reduced over the years, it still remains high.

Vulnerability of margins to forex rates and raw material price risks – As tin plates are the primary raw materials for manufacturing battery jackets and cans, the company's profitability remains vulnerable to variation in tin prices. Moreover, with exports accounting for 10-20% of Shetron's revenues in the last three years, it exposes the company's profitability to volatility in forex rates. However, the risk is partially mitigated by the natural hedge through imports as Shetron imported 10-15% of its raw material requirements in the previous three years.

Environmental and social risks

Environmental considerations: The company is exposed to tightening regulations on emission standards, waste generation and disposal. However, the company strives to use natural resources efficiently, eliminate waste and promote recycling. The potential of metals for reusability and their accessibility for infinite recyclability without any degradation in the physical properties help protect raw materials and energy and reduce carbon dioxide (CO_2) emission, which add comfort despite tightening regulations.

Social considerations: The company is exposed to the social risk of workers' safety and wellbeing. However, it complies with all labour laws and takes necessary measures to maximise workers' protection and safety. Shetron also takes care of health issues of its employees.

Liquidity position: Adequate

The liquidity position of Shetron is expected to be Adequate, supported by expected cash flow from operations of Rs. 8-10 crore and undrawn working capital limits of Rs. 5.7 crore as on March 31, 2025. The average working capital utilisation over the last 12 months ending in August 2025 stood at around 79% of the sanctioned working capital limit of Rs. 33.8 crore. The company has no major debt-funded capex plans in the near-to-medium term and has a repayment obligation of Rs. 4.3 crore in FY2026.

Rating sensitivities

Positive factors – The ratings may be upgraded if there is a healthy and sustained increase in the scale of operations and profitability with improvement in its liquidity profile and debt protection metrics. Specific credit metrics that could lead to a rating upgrade include interest cover above 3.8 times on a sustained basis.

Negative factors – The ratings may be downgraded if the company's revenues witness significant decline, deteriorating profitability levels, or if there is any weakening of debt coverage indicators, or a stretch in the working capital cycle or higher dividend payout, weakening the overall liquidity profile. Specific credit metrics that could lead to a rating downgrade will be an interest coverage of less than 3.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has considered the standalone financials of the company to arrive at the ratings

About the company

Shetron Limited is a metal packaging company focussed on creating packaging solutions for the food industry. Incorporated in 1980, it started with production of metal cans for foods and went on to manufacture dry cell battery jackets and components from 1984. The company was listed on BSE in 1994. Its manufacturing plants are in Bangalore, Karnataka and Asangaon, Maharashtra. Shetron supplies metal packaging printed metal sheets and dry cell battery jackets and components.

Key financial indicators (audited)

Shetron Limited	FY2024	FY2025	H1 FY2026*
Operating income	240.6	230.1	129.2
PAT	6.5	3.1	2.7
OPBDIT/OI	9.9%	8.2%	7.0%
PAT/OI	2.7%	1.3%	2.1%
Total outside liabilities/Tangible net worth (times)	1.8	1.6	1.7
Total debt/OPBDIT (times)	2.7	2.5	2.3
Interest coverage (times)	2.7	2.3	3.0

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

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					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Nov 21, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based Cash credit	Long term	33.75	[ICRA]BB+ (Positive)	Oct 24, 2024	[ICRA]BB+ (Positive)	Oct 06, 2023	[ICRA]BB+ (Stable)	Sept 29, 2022	[ICRA]BB (Stable)
Fund-based Term loan	Long term	16.84	[ICRA]BB+ (Positive)	Oct 24, 2024	[ICRA]BB+ (Positive)	Oct 06, 2023	[ICRA]BB+ (Stable)	Sept 29, 2022	[ICRA]BB (Stable)
Non-fund based limits	Short term	49.00	[ICRA]A4+	Oct 24, 2024	[ICRA]A4+	Oct 06, 2023	[ICRA]A4+	Sept 29, 2022	[ICRA]A4
Unallocated limit	Long term/Short term	1.32	[ICRA]BB+ (Positive)/ [ICRA]A4+	-	-	Oct 06, 2023	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund based - Term loan	Simple
Long-term – Fund based - Cash credit	Simple
Short-term – Non fund based limits	Very Simple
Long-term /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
NA	Cash credit	NA	NA	NA	33.75	[ICRA]BB+ (Positive)
NA	Term loan	FY2021	NA	FY2026	0.53	[ICRA]BB+ (Positive)
NA	ECLGS	FY2021	NA	FY2026	0.59	[ICRA]BB+ (Positive)
NA	Term loan	FY2023	NA	FY2032	13.12	[ICRA]BB+ (Positive)
NA	Term loan	FY2023	NA	FY2028	2.60	[ICRA]BB+ (Positive)
NA	Letter of credit	NA	NA	NA	49.00	[ICRA]A4+
NA	Unallocated limit	NA	NA	NA	1.32	[ICRA]BB+ (Positive)/[ICRA]A4+

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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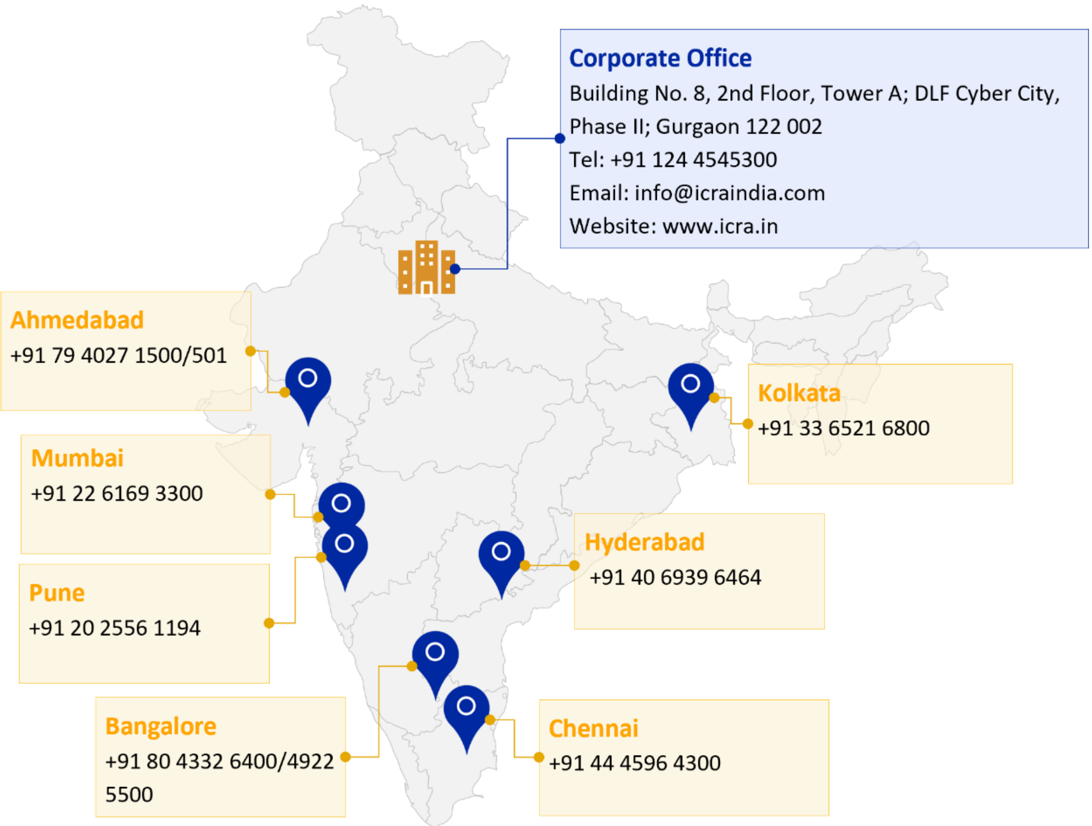

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