

October 06, 2026

Shetron Limited: Ratings upgraded to [ICRA]BBB- (Stable)/ [ICRA]A3; outlook revised to Stable

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 loan	16.84	12.25	[ICRA]BBB- (Stable); Upgraded from [ICRA]BB+ (Positive) and outlook revised to Stable from Positive	RBI
Long-term – Fund-based – Cash credit	33.75	33.75	[ICRA]BBB- (Stable); Upgraded from [ICRA]BB+ (Positive) and outlook revised to Stable from Positive	RBI
Short-term – Non-fund based limits	49.00	32.00	[ICRA]A3; Upgraded from [ICRA]A4+	RBI
Long-term/ Short-term – Unallocated limits	1.32	1.32	[ICRA]BBB- (Stable)/ [ICRA]A3; Upgraded from [ICRA]BB+ (Positive)/ [ICRA]A4+ and outlook revised to Stable from Positive	RBI
Total	100.91	79.32		

*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 ratings upgrade in the bank lines of Shetron Limited (Shetron/ the company) considers a healthy improvement in its financial performance during FY2026 and Q1 FY2027 and expectations of a sustained momentum in the medium term. Shetron is a metal packaging company focussed on creating packaging solutions for the food industry. The ratings favourably consider the extensive experience of its promoters in the metal packaging and battery jackets manufacturing business, a strong business profile marked by a reputed customer profile built over the years, and its improving product and geographical diversification, which insulates it from seasonality and aids revenue growth throughout the year. The ratings also consider an improving financial profile with Shetron reporting operating income of Rs. 246.8 crore (up 7% YoY) with largely flattish earnings. However, the operating income grew sharply in Q1 FY2027 (by around 26% YoY) supported by growth in both volume (on the back of new order wins) and better realisations. While the margins did not expand due to the sharp rise in raw material costs and partial pass-through to customers, ICRA expects the benefits of pass-throughs to be visible in the upcoming quarters and, accordingly, expects the earnings and debt coverage metrics to improve in FY2027.

The ratings, however, remain constrained by the vulnerability of earnings to the volatility in raw material prices, particularly tin; although the company generally passes on the same to customers with a lag. The ratings also consider the inherently working capital intensive nature of operations due to high inventory holding and supplier concentration risks; although the risk is mitigated by the reputation of suppliers (namely Tata Steel and JSW Steel) and Shetron's enduring relationships with them, which ensure procurement stability.

The Stable outlook on the long-term rating factor in ICRA's expectation that the company's revenues and earnings are likely to improve in the near-to-medium term benefiting from better scale of operations and different product mix. Additionally, in the absence of major debt-funded capex plans in the near-to-medium term, the debt-protection metrics are expected to improve, going forward.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in the metal packaging industry – 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. With over five decades of operations, the company has an established market position and is supported by established relationships with customers as well as suppliers.

Reputed customer profile– The company’s business profile has strengthened in recent years with its improving product, segment and geographical diversification. Its client base consists of reputed players across sectors (battery manufacturing, manufacturing of metal packaging for fast-moving consumer goods (FMCG), packaged foods, fruit processing, pharmaceuticals, etc.). Its presence in the domestic as well as international markets has gained repeat orders from its customers over the years; and it derives 11% of revenues from exports.

Steady improvement in debt protection metrics and coverage indicators – Shetron reported an operating income of Rs. 246.8 crore (up 26% YoY) with largely flattish earnings. However, the operating income grew sharply in Q1 FY2027 (by around 25% YoY) supported by growth in both volume (on the back of new order wins) and better realisations. While the margins did not expand due to the sharp rise in raw material costs and partial pass-through to customers, ICRA expects the benefits of pass-throughs to be visible in the upcoming quarters and, accordingly, expects the earnings and debt coverage metrics to improve in FY2027. The Interest coverage ratio improved to 3.8x in Q1 FY2027 and is likely to remain supported by scheduled repayment of its term loan, improvement in profitability and increasing usage of low-cost vendor bill discounting, which also enables the company to avail a longer credit period.

Favourable market prospects for food and beverage (F&B) tin cans amid increasing consumer demand and ban on plastics – There is an increasing awareness about environmental issues and the resultant ban on plastics, with demand for recyclable metal rising over the years, which bodes well for Shetron. Moreover, the changing lifestyle of consumers has also led to higher demand for canned F&B products, which offer favourable revenue prospects for the company. Further, Shetron has ventured into the general packaging business with a value-added product line 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

Vulnerability of margins due to fluctuations in raw material prices – 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. In line with the rising commodity prices owing to the ongoing West Asia crisis, prices of the key raw material (tin plate) has risen in the last six months. While the company enjoys pass-through clauses with its key customers, there can be an interim impact on earnings given the time-lag factor.

High supplier concentration risk – Shetron procures its raw materials from domestic and overseas markets. The company’s supplier base has remained concentrated, with a single supplier meeting around 75% of its total requirements in Q1 FY2027. The risk is, however, mitigated by the strong reputation of its suppliers and its enduring relationships with them.

Competition from other packaging substitutes – The competitive and fragmented nature of the industry and substitution risk from alternative packaging materials, limit the pricing flexibility of industry participants. However, tin has advantages for specific food packaging with less probability of contamination, as well as a longer shelf life.

Environmental and social risks

Environmental considerations: The company is exposed to environmental risks arising from regulations related to waste generation and disposal, and emissions. Any tightening of these regulations could increase compliance and operating costs, while non-compliance may result in penalties and reputational risks. The company has undertaken initiatives for efficient utilisation of natural resources, waste reduction, and recycling, which support its environmental risk management efforts.

Social considerations: Social considerations for Shetron relate primarily to maintaining healthy industrial relations and occupational safety of its workers. The company's ability to attract and retain skilled manpower and provide a safe working environment remains critical for uninterrupted operations. Its track record of managing workforce-related risks and maintaining stable employee relations provides comfort from a social risk perspective.

Liquidity position: Adequate

The liquidity position of Shetron is adequate. While the free cash and liquid investments are minimal, the company's cashflow from operations is adequate at around Rs. 14 crore in FY2026 and is expected to improve, going forward. In addition, the company's liquidity is supported by undrawn working capital limits of Rs. 5.7 crore as on March 31, 2026, against sanctioned limits of Rs. 33.8 crore with average working capital utilisation at around 81% over the last 12 months ending in June 2026. The company has no major debt-funded capex plans in the near-to-medium term and has a repayment obligation of Rs. 3.0 crore in FY2027.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates significant growth in its scale of operations as well as profit margins on a sustained basis, leading to strengthening of the coverage metrics. Its ability to efficiently manage its working capital cycle, leading to improvement in its liquidity profile, will also be a positive rating trigger.

Negative factors – The ratings may be downgraded if the company witnesses significant contraction in revenues or earnings, or significant elongation in working capital cycle leading to weakening of debt indicators. Specific credit metrics that could lead to ratings downgrade include an interest coverage less than 2.7 times on a sustained basis.

Analytical approach

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

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 the production of metal cans for foods and went on to manufacture dry cell battery jackets and components from 1984. The company is currently listed in the BSE (Bombay Stock Exchange) and NSE (National Stock Exchange). 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

Shetron Limited	FY2025	FY2026	Q1 FY2027*
Operating income	230.1	246.8	86.6
PAT	3.1	4.0	1.9
OPBDITA/OI	8.2%	7.6%	6.8%
PAT/OI	1.3%	1.6%	2.2%
Total outside liabilities/Tangible net worth (times)	1.6	1.6	-
Total debt/OPBDITA (times)	2.5	2.2	-
Interest coverage (times)	2.3	2.6	3.8

Source: Company, ICRA Research; *Results; 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

Current rating (FY2027)				Chronology of rating history for the past 3 years					
FY2027				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	Oct 06, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long Term	33.75	[ICRA]BBB-(Stable)	Nov 21, 2025	[ICRA]BB+(Positive)	Oct 24, 2024	[ICRA]BB+(Positive)	Oct 06, 2023	[ICRA]BB+(Stable)
Unallocated limits	Long Term/Short Term	1.32	[ICRA]BBB-(Stable)/[ICRA]A3	Nov 21, 2025	[ICRA]BB+(Positive)/[ICRA]A4+	-	-	Oct 06, 2023	[ICRA]BB+(Stable)/[ICRA]A4+
Fund-based-Term loan	Long Term	12.25	[ICRA]BBB-(Stable)	Nov 21, 2025	[ICRA]BB+(Positive)	Oct 24, 2024	[ICRA]BB+(Positive)	Oct 06, 2023	[ICRA]BB+(Stable)
Non-fund based-Others	Short Term	32.00	[ICRA]A3	Nov 21, 2025	[ICRA]A4+	Oct 24, 2024	[ICRA]A4+	Oct 06, 2023	[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	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	Financial Sector Regulator [#]
NA	Cash credit	NA	NA	NA	33.75	[ICRA]BBB- (Stable)	RBI
NA	Term loan	FY2023	NA	FY2032	10.82	[ICRA]BBB- (Stable)	RBI
NA	Term loan	FY2023	NA	FY2028	1.43	[ICRA]BBB- (Stable)	RBI
NA	Letter of credit	NA	NA	NA	32.00	[ICRA]A3	RBI
NA	Unallocated limit	NA	NA	NA	1.32	[ICRA]BBB- (Stable)/ [ICRA]A3	RBI

Source: Company

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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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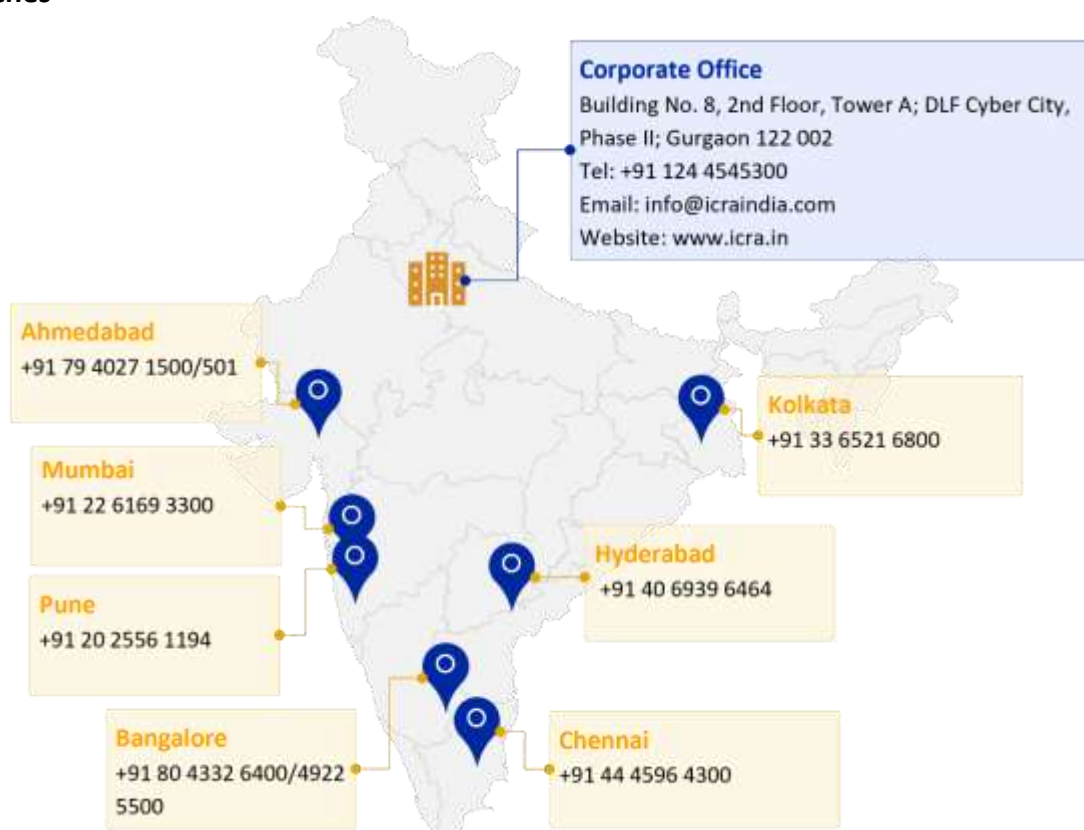
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