Shivam Autotech Limited

January 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	149.78 (Reduced from 175.22)	CARE BB-; Stable	Reaffirmed; Outlook revised from Negative
Short Term Bank Facilities	4.80	CARE A4	Reaffirmed
Long Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to bank facilities of Shivam Autotech Limited (SAL) consider the refinancing of part of the existing debt through infusion of funds from a private investor via Non-Convertible Debentures (NCD) with a higher IRR. The funds are being primarily utilised for repayment of existing debt and working capital requirements. The fund infusion is expected to ease the liquidity position of the company in the near term owing to initial principal moratorium and structured repayment schedule for the new NCDs.

The ratings continue to reflect weak operational and financial risk profile, continued losses in FY25 (FY refers to April 01 to March 31) & H1FY26 (refers to April 01 to September 30), under-utilisation of manufacturing capacities leading to under-recovery of fixed costs, revenue concentration risk towards few customers, low bargaining power with such customers, susceptibility to volatile raw material prices and cyclical nature of the auto sector.

However, these weaknesses are partly offset by experienced promoters and their continuous support, the company being part of the SN Munjal group with ~43% of revenue during FY25 from Hero MotoCorp Limited (HML), and locational advantage of its manufacturing facilities near OEM plants.

The ratings also take cognizance of the recent resolution of GST show cause proceedings, where GST authorities passed an order dropping the proceedings initiated pursuant to the show cause notice, with nil demand confirmed against the company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in capital structure with overall gearing of below 2x
- Improvement in total debt/GCA less than 10x
- Improvement in profitability leading to adequate cash generation to meet debt obligations
- Better management of working capital cycle and lower utilisation of working capital limits leading to improvement in liquidity position

Negative factors

- Decrease in total operating income below ₹450 crores and/or decline in PBILDT margin below 10% on a sustained basis
- Further elongation in working capital cycle and resultant weakening of liquidity position
- Any delay in receipt of envisaged support from the promoters to support the business

Analytical approach: Standalone

Outlook: Stable

The outlook of SAL has been revised from 'Negative' to 'stable' following the company's successful infusion of significant additional funds of ₹350 crore of non-convertible debentures (NCD), which is expected to support ramp-up of operations, improve liquidity, and strengthen its ability to meet debt servicing obligations in the near term.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key weaknesses

Weak overall financial risk profile

SAL reported a total operating income of ₹453.98 crore in FY25 (FY24: ₹469.66 crore) with a marginal improvement in PBILDT margin to 9.78% (FY24: 9.22%). However, the company continued to incur net losses, with an after-tax loss of ₹48.04 crore in FY25 (FY24: ₹50.19 crore). Operational performance in the year was impacted by working capital constraints, which led to subdued production levels and limited scale-up. In H1FY26, the company achieved total operating income of ₹203.96 crores as against ₹233.39 crores in H1FY25 along with PBILDT margins of 7.64% in H1FY26 as against 10.65% in H1FY25. The company has average order book position ~₹55-60 crores monthly in the current year as against ~₹40 to 50 crores in FY24.
The capital structure remains highly leveraged, with overall gearing deteriorating to 10.85x as on March 31, 2025 from 7.29x as on March 31, 2024, primarily due to erosion in net worth amid continued losses, despite a reduction in debt levels. The issue of NCDs and subsequent prepayment of most of the term loans, existing NCDs and working capital is expected to improve profitability at net level by reducing interest cost in short term through refinancing of existing debt. The net worth of the company has depleted from ₹53.65 crore in FY24 to ₹31.22 crore in FY25 and further to ₹1.50 crore in H1FY26, however existing unsecured debt from promoters are subservient to the fresh NCDs. Hence, restoration of net worth which has depleted significantly, will be a key monitorable.

Infusion of funds through refinancing with higher IRR

SAL has raised ₹277 crores through refinancing from Alpha Alternatives Fund Advisors LLP in the form of NCDs with higher IRR The funds have been largely utilised for retiring of existing NCD's from earlier investor Modulus alternatives Investment Managers Ltd, and partial reduction in term loan and working capital facilities from their existing lenders. Further, the company has undisbursed credit line of NCD's which can be utilised as and when required by the company.

Revenue concentration risk

SAL derives majority of its revenue from single client: Hero MotoCorp Limited (HML). HML contributes around 43% (PY:38%) of revenue in FY25. Further, majority of its product manufactured such as gears and shafts find its usage in two wheelers. As a result, SAL is exposed to customer concentration as well as segment concentration risk. However, the company is diversifying the product portfolio and has ventured into other automotive segments such as three wheelers, four wheelers, commercial vehicles as well as non-automotives. Approximately 97% of the revenue is generated from the automotive segment, while the remaining 3% comes from non-automotive segments.

Low bargaining power with customers and exposure to industry cyclicality

SAL has limited bargaining power with its customers, given that its key customers are automobile OEMs. While the company follows a pass-through mechanism where revisions in raw material prices are reset by OEMs on a quarterly basis, there remains a lag, exposing margins to interim volatility. Steel, the principal raw material, accounts for around 37% of total operating income, and volatility in global steel prices exposes the company to raw material price volatility risk. Further, the automotive industry is inherently cyclical, with demand for auto components closely linked to OEM sales. The auto-ancillary segment is also highly competitive, with the presence of a large number of players across both the organised and unorganised sectors, which intensifies pricing pressure.

Key strengths

Experienced promoters

SAL is part of the Satyanand Munjal Group and was established in 1999 to cater to the component requirements of Hero MotoCorp Limited (HML). Late Mr. Satyanand Munjal, the group's founder, was the brother of Late Mr. Brij Mohan Lal Munjal. In 2005, SAL was demerged from Munjal Auto Industries Limited with a focused emphasis on the forging and machinery division. The company is led by an experienced management team. The Chairman, Mr. Yogesh Chandra Munjal, son of Late Mr. Satyanand Munjal, brings extensive experience in the two-wheeler industry, while the Managing Director, Mr. Neeraj Munjal, has nearly three decades of experience in the auto component sector. Mr. Neeraj Munjal holds a bachelor's degree in commerce and is a graduate in Business Management from Bradford & Ilkley Community College, England.

Location advantage

SAL's manufacturing facilities are strategically located in close proximity to HML's plants, providing logistical advantages, operational efficiencies, and closer integration with HML's production operations. Therefore, SAL derives a significant portion of its revenues from Hero MotoCorp Limited (HML), which accounted for approximately 43% (PY: 38%) during FY25 of the company's sales. At the same time, HML relies on SAL for the supply of gears and shafts, which constitute around 65–70% of its total requirement.

Liquidity: Stretched

Company has a stretched liquidity profile as it continues to generate Negative GCA in FY25 compared to significant term debt repayment obligation. The working capital utilisation for last 12 months ended November'25 is ~86% reflecting moderate to high limit utilisation. The cash flow from operations improved to ₹72.50 crore in FY25 (PY: ₹34.39 Crore), on account of release of funds from working capital, and timely collection from debtors. The cash & cash equivalents stood at ~₹27.96 crore as on December 20, 2025, including ₹26.35 crore available in escrow account maintained with Alpha Alternatives. The liquidity will be supported by undisbursed credit lines of ~₹73 crores of NCD's from Alpha Alternatives Fund Advisors LLP. Further the promoters supported the company by infusing funds in the form of unsecured loans of ~₹6.50 crore in current financial year i.e. FY26 to support the operations of the company. The promoters will infuse funds in the business as and when required going forward.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Auto Components & Equipments
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

SAL, formerly known as Munjal Auto Components, commenced operations in Sep-1999 as an autonomous wing of 'HERO' Group. Later in 2005, the forging and machinery divisions were hived off and thus SAL was incorporated in July 29, 2005. The company is engaged in manufacturing of transmission gear & shafts, Precision Engineering Components (PECs), etc. for two wheelers, three wheelers. Four wheelers, commercial vehicles as well as non-automotives such as aerospace, power tools & renewable energy. SAL has four plants located in Gurgaon, Haridwar, Bengaluru and Rohtak.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	469.66	453.98	203.97
PBILDT*	43.30	44.41	15.59
Profit after tax (PAT)	-50.19	-48.04	-30.08
Overall gearing (x)	7.29	10.85	-
Interest coverage (x)	0.75	0.75	-

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	25.20	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	31/07/2029	124.58	CARE BB-; Stable
Fund-based - LT-Working Capital Limits		-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	4.80	CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	124.58	CARE BB-; Stable	1)CARE BB-; Negative (22-Jul-25)	1)CARE BB-; Stable (03-Jan-25)	1)CARE BB-; Stable (09-Oct-23)	1)CARE B; Stable (30-Sep-22)
2	Non-fund-based - ST-BG/LC	ST	4.80	CARE A4	1)CARE A4 (22-Jul-25)	1)CARE A4 (03-Jan-25)	1)CARE A4 (09-Oct-23)	1)CARE A4 (30-Sep-22)
3	Fund-based - LT-Cash Credit	LT	25.20	CARE BB-; Stable	1)CARE BB-; Negative (22-Jul-25)	1)CARE BB-; Stable (03-Jan-25)	1)CARE BB-; Stable (09-Oct-23)	1)CARE B; Stable (30-Sep-22)
4	Fund-based - LT-Working Capital Limits	LT	-	-	1)CARE BB-; Negative (22-Jul-25)	1)CARE BB-; Stable (03-Jan-25)	1)CARE BB-; Stable (09-Oct-23)	1)CARE B; Stable (30-Sep-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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