Date: 04th January, 2025

The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra East,
Mumbai – 400051
(Scrip Code – SHIVAMAUTO)

The BSE Limited
Phiroje Jeejeebhoy Towers
Dalal Street Fort
Mumbai – 400 001
(Scrip Code – 532776)

Ref: Intimation under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 ("Listing Regulation")

Dear Sir/Madam,

Pursuant to regulation 30 read with schedule III of the listing regulation we hereby inform you that CARE Ratings Limited have reaffirmed the credit rating to the company's Long Term Facilities and Short Term Facilities.

The Rating latter received from CARE is attached in **Annexure.**

Thanking you.
Yours truly,

FOR SHIVAM AUTOTECH LIMITED

SHAKTI KANT MAHANA
Digitally signed by SHAKTI KANT MAHANA
Date: 2025.01.04 16:08:44 +05'30'

SHAKTI MAHANA
COMPANY SECRETARY

SHIVAM AUTOTECH LIMITED www. shivamautotech.com
CIN: L34300HR2005PLC081531

Registered Office: 10, 1st Floor, Emaar Digital Greens, Tower A, Sector 61, Golf Course Extension Road, Gurugram, Haryana-122102

Tel: 0124-4698700
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Shivam Autotech Limited

January 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	181.82 (Reduced from 238.15)	CARE BB-; Stable	Reaffirmed
Short Term Bank Facilities	4.80	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Shivam Autotech Limited (SAL) continue to derive strength from the experienced promoters and locational advantage of its manufacturing facilities. The ratings take cognisance of the funds infusion of Rs. 105 crores raised from the private investor in the form of Non-Convertible Debentures (NCD) of Rs.80 crore and Optionally Convertible Debentures (OCD) of Rs.25 crore. The funds disbursed were utilised majorly towards repayment of existing debt along with statutory dues and payment to creditors. The ratings, however, continue to remain constrained by the company's weak operational and financial risk profile leading to continuous losses, working capital intensive nature of operations, revenue concentration risk towards few customers, low bargaining power with customers, susceptibility to volatile raw material prices and cyclical nature of auto sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in capital structure with overall gearing of less than 1.75x
- Improvement in total debt/GCA below 10x
- Improvement in profitability leading to adequate cash generation sufficient 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 Rs. 450 crores and or decline in PBILDT margin below 10% on a sustained basis
- Further elongations in working capital cycle and resultant weakening of liquidity position.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE's expectation of healthy order inflow on the back of established relationship with reputed clientele and improvement in production efficiency giving way to increasing cashflows from operations.

Detailed description of key rating drivers:

Key weaknesses

Weak overall financial risk profile

The company has reported slight reduction in TOI to ₹469.66 crore in FY24 over FY23 (PY: ₹471.05 crore) and further PBILDT margin reduced to Rs. 43.30 crore (9.22%) in FY24 as against Rs. 50.18 crore in FY2 (10.65%) This reduction is owing to delay in receiving funds from Modulus Alternatives Investment Managers Ltd. for management of working capital requirements of the company. Company's expectation to receive the funds was by March 2023. However, the same was received in September 2023 leading to less production in first six months of FY24 resulted in moderation in total income and EBIDTA Margins of the company in during FY24.

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

The capital structure of the company continues to be leveraged with overall gearing of 7.29x as on March 31, 2024 which deteriorated from 4.10x as on March 31, 2023 largely on account of depletion of net worth due to continuous occurring of losses and increase in secured loans in form of NCD and OCD.

Revenue concentration risk

SAL derives majority of its revenue from single client: Hero MotoCorp Limited (HML). HML contributes around 40% of revenue of SAL. 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.

Low bargaining power with customers and susceptibility of margins to volatility in raw material prices

Though there exists limited bargaining power with the customers, since the major customers are auto companies/OEMs, however, the company does have a mechanism wherein any revision in the raw material prices is reset by the OEMs on monthly basis and the change in the raw material prices are accommodated subsequently. The major raw material (Steel) cost accounts for around 40% of total operating income, further, global prices for steel are volatile which exposes SAL to price risk.

Cyclical nature of the automotive industry

The automobile industry is highly cyclical in nature and automotive component suppliers' sales are directly linked to sales of auto OEMs. Further, the auto-ancillary industry is highly competitive with the presence of a large number of players in the organized as well as unorganized sector.

Key strengths

Infusion of funds by Modulus Alternatives (private investor)

SAL has raised Rs. 105 crores from Modulus Alternatives Investment Managers Limited in the form of Rs. 80 crores of NCD and Rs. 25 crores of OCD. The funds have been already largely utilised for repayment of term loan and payment to creditors and statutory dues. Further, the company has undisbursed credit line of NCD of ~Rs. 70 crores which can be utilised as and when required by the company.

Experienced promoters

SAL is part of the Satyanand Munjal Group (Late Mr Satyanand Munjal was brother of Late Mr Brij Mohan Lal Munjal) and was started in 1999 to meet the requirement of HML's component requirements. Subsequently in 2005, SAL was hived off from Munjal Auto Industries Ltd with focus on the forging and machinery division. The company's Chairman, Mr. Yogesh Chandra Munjal (son of Late Mr Satyanand Munjal) has a vast experience in the two-wheeler industry. Mr. Neeraj Munjal, Managing Director has almost three decades of experience in the auto component sector. Mr. Munjal holds a graduate in Business Management from Bradford & Ilkley Community College, England, besides a Bachelor's Degree in Commerce.

Location advantage

The company's business profile is strongly linked with HML which is the largest customer of SAL and accounted for approximately 40% of sales. On the other hand, HML is also dependent on SAL for procurement of gears and shafts which accounts for approximately 65-70% of its overall requirement. Thus, the two companies have strong operational linkages. Most of the manufacturing plants of SAL are in the vicinity of HML's manufacturing plant.

Liquidity: Stretched

The liquidity profile of the company is stretched as the company is expected to generate GCA of ~Rs. 10 crore in FY25 as against term debt repayment obligation of ~Rs. 42.90 crore. The working capital utilisation in last 12 months ended on October'24 is 78.11% reflects moderate limit utilisation. The latest cash & liquid investments is ~Rs. 0.44 crore as on September 30, 2024. The liquidity will be supported by undisbursed credit lines of ~Rs. 70 crores of NCD. Further the promoters had supported the company by infusing funds in the form of unsecured loans of ~Rs. 5 to 6 crore in the month of November 2024 to support the operations of the company. The promoters will further infuse more funds in the business as and when required going forward. The company has already repaid ~Rs. 30 crores of term debt obligation in current year.

Applicable criteria

Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
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. SAL has four plants located in Gurgaon, Haridwar, Bengaluru and Rohtak.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	471.05	469.66	233.39
PBILDT	50.18	43.30	24.85
PAT	-34.72	-50.19	-21.67
Overall gearing (times)	4.10	7.29	11.35
Interest coverage (times)	1.01	0.75	0.87

A: Audited UA: Unaudited; Note: these are latest available financial results

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		-	-	-	60.20	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	31/01/2028	115.02	CARE BB-; Stable
Fund-based - LT-Working Capital Limits		-	-	-	6.60	CARE BB-; Stable
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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	115.02	CARE BB-; Stable	-	1)CARE BB-; Stable (09-Oct-23)	1)CARE B; Stable (30-Sep-22)	1)CARE D (23-Feb-22)
2	Non-fund-based - ST-BG/LC	ST	4.80	CARE A4	-	1)CARE A4 (09-Oct-23)	1)CARE A4 (30-Sep-22)	1)CARE D (23-Feb-22)
3	Fund-based - LT-Cash Credit	LT	60.20	CARE BB-; Stable	-	1)CARE BB-; Stable (09-Oct-23)	1)CARE B; Stable (30-Sep-22)	1)CARE D (23-Feb-22)
4	Fund-based - LT-Working Capital Limits	LT	6.60	CARE BB-; Stable	-	1)CARE BB-; Stable (09-Oct-23)	1)CARE B; Stable (30-Sep-22)	1)CARE D (23-Feb-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 the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE 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.

Contact us

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

For detailed Rationale Report and subscription information, please visit www.careedge.in