CREDIT RATING REPORT

JULY 2025

Shayona Engineering Ltd

Instrument rated	
Total bank loan facilities rated	**Rs 17 crore (enhanced from Rs 10 crore)**
Long-term rating	**Crisil B-/Stable (reaffirmed)**
Note: None of the directors on the board of Crisil Ratings Ltd are members of the rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.	
1 crore = 10 million	
Refer to annexure for details of instruments and bank facilities	

Rating history			
Date	**Long-term rating**	**Short-term rating**	**Rating watch/outlook**
June 10, 2025	Crisil B-	--	Stable
June 6, 2025	Crisil B-	--	Stable
October 3, 2024	Crisil D	Crisil D	-
March 20, 2024	Crisil B+	Crisil A4	Stable

Crisil Ratings has reaffirmed its 'Crisil B-/Stable' rating on the long-term bank facilities of Shayona Engineering Ltd (SEL).

Analytical approach: Crisil Ratings has considered the standalone business and financial risk profiles of SEL.

Key rating drivers

Weaknesses:
- Modest scale of operations
- Vulnerability to cyclicality in end-user industries

Strengths:
- Extensive experience of the promoter in the industrial machinery and consumables industry
- Healthy debt protection metrics

Outlook: Stable
Crisil Ratings believes SEL will continue to benefit from the extensive experience of the promoter and his established relationships with clients.

Rating sensitivity factors
Upward factors

- Improvement in revenue, with stable operating margin, leading to net cash accrual of more than Rs 2.50 crore

- Efficient working capital management

Downward factors

- Decline in revenue or operating profit leading to low cash accrual
- Stretched working capital cycle, with gross current assets (GCAs) at more than 220 days, weakening the liquidity and the financial risk profile

About the company

Established in 2010, SEL was reconstituted as a public limited company in 2023. The company manufactures machinery; dies and moulds; industrial automation, heavy fabrication, casting, forging, reverse engineering and turnkey project machinery. Its unit is in Vadodara, Gujarat. The company is owned and managed by Mr Vipul Solanki.

The rating reflects the company's following weaknesses:
Modest scale of operations: Intense competition continues to constrain scalability, as reflected in modest revenue of Rs 22-23 crore in fiscal 2025 (Rs 15.17 crore in fiscal 2024); pricing power and profitability. The ability of the company to scale up its operations will remain monitorable.

Vulnerability to cyclicality in end-user industries: The performance of SEL is closely linked to investments in the end-user industries, which are cyclical. Moreover, low capital requirement leads to intense competition. The scale of operations determines negotiating power with suppliers and customers and ability to withstand business downturns.

These weaknesses are partially offset by the following strengths:
Extensive industry experience of the promoter: The promoter has experience of over 14 years in the industrial machinery and consumables industry. This has given him an understanding of the market dynamics and enabled him to establish relationships with suppliers and customers, which will continue to support the business.

Healthy debt protection metrics: The debt protection metrics were comfortable despite leverage owing to moderately healthy profitability. Interest coverage and net cash accrual to total debt ratios were 2.58 times and 0.10 time, respectively, in fiscal 2025, and are expected at similar levels over the medium term.

Liquidity: Bank limit utilisation was high at 96% on average for the 12 months through March 2025. Annual cash accrual, expected to be Rs 1.8-2.0 crore, will sufficiently cover yearly term debt obligation of Rs 0.60-1.60 crore over the medium term, and the surplus will cushion liquidity. The current ratio was moderate at 1.34 times as on March 31, 2025.

Financial policy
The financial policy is comfortable, as reflected in the gearing and total outside liabilities to adjusted networth ratio of 1.36 times and 2.10 times, respectively, as on March 31, 2024.

Derivatives
The company is not engaged in forward contract to hedge risk arising from fluctuation in foreign exchange (forex) rates.

Dividend policy:
The company has not paid dividend in the past and may not do so even over the medium term.

Key financial indicators (standalone)

As/on for the year ended March 31	Unit	2024	2023	2022

		Actuals	Actuals	Actuals
Net sales	Rs crore	14.83	12.18	3.30
Operating income	Rs crore	15.17	12.63	4.58
OPBDIT	Rs crore	2.83	1.29	0.42
Profit after tax	Rs crore	1.60	0.67	0.10
Net cash accrual	Rs crore	1.81	0.85	0.24
Equity share capital	Rs crore	2.27	1.00	0.48
Adjusted networth	Rs crore	3.97	2.10	0.90
Adjusted debt	Rs crore	5.41	3.45	1.32
OPBDIT margin	%	18.67	10.25	9.22
Net profit margin	%	10.57	5.34	2.14
ROCE	%	36.95	28.19	11.84
PBDIT/interest and finance charges	Times	5.55	5.43	3.55
Net cash accrual/adjusted debt	Times	0.33	0.25	0.18
Adjusted debt/adjusted networth	Times	1.36	1.65	1.46
Adjusted debt/PBDIT	Times	1.84	2.67	3.33
Current ratio	Times	0.97	1.04	0.57
Cash flow from operations	Rs crore	-0.59	-2.35	0.67
TOLANW	Times	2.10	2.46	3.33
Operating income/gross block	Times	3.62	3.83	1.63
Gross current assets	Days	188	127	94
Debtors	Days	138	75	78
Inventory	Days	50	43	24
Creditors	Days	77	52	149

Annexure 1: Bank-Details of facility classes

1.Cash credit

#	Bank	Amount (Rs crore)	Rating
a.	HDFC Bank Ltd	5.5	Crisil B-/Stable
-	Total	5.5	-

2.Term loan

#	Bank	Amount (Rs crore)	Rating
a.	HDFC Bank Ltd	11.5	Crisil B-/Stable
-	Total	11.5	-