

## HMT Machine Tools Limited

March 02, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	49.82	CARE D	Reaffirmed
Short-term bank facilities	72.90	CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation in the ratings of the bank facilities of HMT Machine Tools Limited (HMTMTL) takes into account the continuing overdrawals of more than 30 days in cash credit accounts of the company. The overdrawals are due to poor liquidity position and elongated receivables' cycle of the company.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in liquidity position of the company thereby no overdrawals/ delays in rated facilities for minimum of three consecutive months and also turnaround in operations which would ensure such instances do not recur.

**Negative factors** - Not applicable

**Analytical approach:** Standalone

**Outlook:** Not applicable

### Key weaknesses

#### Delays in debt servicing

The overdrawals of more than 30 days are present in the cash credit accounts. The same are due to its poor liquidity position and elongated receivables' cycle. The company has been incurring losses historically due to high fixed costs and lower absorption of its overhead costs, leading to poor liquidity profile of the company.

### Key strengths

#### Support from Government of India/ Holding company

Being a part of HMT Ltd, a central Government entity, HMTMTL has received support from the Government of India (GOI)/HMT Ltd. As on March 31, 2022, the total borrowing from GoI including preference share capital stood at ₹1,198.82 cr (₹1136.74 Cr as of March 31, 2021). Timely receipt of further support would be key to the company's prospects.

### Liquidity: Poor

The company's gross cash accruals continued to remain negative during FY22. The company's average fund-based/non-fund based working capital are nearly fully utilized during the past 12 months ending January 2023. As on December 31, 2022, the company's free cash and bank balances stood at ₹7.83 cr.

### Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Manufacturing Companies](#)

[Policy on Withdrawal of Ratings](#)

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

## About the company and industry

### Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Industrial Manufacturing	Industrial Products

HMTMTL is a 100% subsidiary of HMT Limited, incorporated in 1953 by GoI. HMTMTL is engaged in manufacturing of turning, grinding, gear cutting, special purpose machines, die casting machines and plastic injection molding machines, presses and press brakes, printing machines, CNC control systems and precision components. Its manufacturing plants are located at Bengaluru, Pinjore (Haryana), Hyderabad (Telangana), Ajmer (Rajasthan) and Kalamassery (Kerala).

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	December 31, 2022 (Prov.)
Total operating income	166.99	153.43	66.08
PBILDT	-48.68	-56.35	-49.20
PAT	-132.79	-145.73	-116.66
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	NM	NM	NM

A: Audited; Prov.: Provisional NM: Not meaningful

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	49.82	CARE D
Fund-based - ST-Bill Discounting/ Bills Purchasing	-	-	-	-	2.00	CARE D
Non-fund-based - ST-BG/LC	-	-	-	-	70.90	CARE D

**Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	49.82	CARE D	1)CARE D (08-Jul-22)	1)CARE C; Stable (05-Jan-22)	1)CARE C; Stable (17-Feb-21)	1)CARE C; Stable (06-Feb-20)
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	2.00	CARE D	1)CARE D (08-Jul-22)	1)CARE A4 (05-Jan-22)	1)CARE A4 (17-Feb-21)	1)CARE A4 (06-Feb-20)
3	Non-fund-based - ST-BG/LC	ST	70.90	CARE D	1)CARE D (08-Jul-22)	1)CARE A4 (05-Jan-22)	1)CARE A4 (17-Feb-21)	1)CARE A4 (06-Feb-20)

\*LT/ST: Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
3	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 the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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### About us:

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