

HMT Machine Tools Limited

January 17, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	49.82	CARE C; Stable	Upgraded from CARE D ; Stable outlook assigned
Short Term Bank Facilities	72.90	CARE A4	Upgraded from CARE D

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in ratings assigned to the bank facilities of HMT Machine Tools Limited(HMTMTL) takes into account the satisfactory conduct of the account as confirmed by the lenders and while there were 2 instances of delays in cash credit account, the same have been regularized within 30 days as mentioned in the annual report of FY24. Further the operations continues to remain loss making with company deferring its dues on long-term loans extended by Government of India (GOI).The rating continues to be constrained by weak financial risk profile of the company with negative networth on account of continued losses. However, the company derives strength from the funding support from GOI/holding company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in liquidity position resulting in consistent delay free track record with no overdrawals/delays in bank facilities
- Turnaround in operations resulting in reduction of losses.

Negative factors

- Delays in servicing debt repayment obligations and overdrawals in CC/BG facilities over 30 days.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings' expectation that HMTMTL will continue to benefit from the funding support from GOI/holding company.

Detailed description of key rating drivers:

Key weaknesses

Continuing overdrawals in cash credit account albeit regularized within 30 days and satisfactory conduct of the account

As per audit report of FY24 , delays in cash credit account were observed in the months ending June-23 and October-23 respectively, however the same was regularized within 3 days and 6 days respectively. Further lenders have confirmed that the conduct of the account is satisfactory and the same has been classified as standard.

Weak financial risk profile

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

The company continued to incur losses and the losses at net level widened to Rs. 155 crore in FY24 as against Rs. 132 crore in FY23. The company continued to incur losses on account of consistent decline in sales and rising employee costs and overhead expenses.

Key strengths

Support from Government of India/ Holding company

Being a part of HMT Ltd, a central Government entity, HMTMTL has received support from GOI/HMT Ltd. As on March 31, 2024, the total borrowing from GoI including preference share capital stood at Rs.1322.98 crore (Rs.1260.89 crore as of March 31, 2023). This apart, the company has received loans from holding company which stood at Rs. 305.82 crore as on 31st March, 2024 (PY: Rs. 274.70 crore as on 31st March, 2023). Timely receipt of further support would be key to company's prospects.

Liquidity: Poor

The company's gross cash accruals continued to remain negative during FY24 owing to continuing losses. The company meets its repayment and other obligations as and when they receive the money from the government and from operations. Further, as per banker interaction with separate lenders, the average utilization of CC facility is approximately 40-50% and 80-90% respectively. As on March 31, 2024, the company's free cash and bank balances stood at Rs.32.45 crore.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Manufacturing	Industrial Products

HMTMTL is a 100% subsidiary of HMT Limited, incorporated in 1953 by the GoI. HMTMTL is engaged in the 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, 2023 (A)	March 31, 2024 (A)
Total operating income	143.98	100.03
PBILDT	-71.77	-95.83
PAT	-131.65	-155.24
Overall gearing (times)	-0.60	-0.58
Interest coverage (times)	-0.85	-1.13

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		-	-	-	49.82	CARE C; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	2.00	CARE A4
Non-fund-based - ST-BG/LC		-	-	-	70.90	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-Cash Credit	LT	49.82	CARE C; Stable	-	1)CARE D (28-Nov-23)	1)CARE D (02-Mar-23) 2)CARE D (08-Jul-22)	1)CARE C; Stable (05-Jan-22)
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	2.00	CARE A4	-	1)CARE D (28-Nov-23)	1)CARE D (02-Mar-23) 2)CARE D (08-Jul-22)	1)CARE A4 (05-Jan-22)
3	Non-fund-based - ST-BG/LC	ST	70.90	CARE A4	-	1)CARE D	1)CARE D	1)CARE A4

						(28-Nov-23)	(02-Mar-23) 2)CARE D (08-Jul-22)	(05-Jan-22)
--	--	--	--	--	--	-------------	--	-------------

LT: Long term; ST: Short term; LT/ST: Long term/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 - 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 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

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Karthik Raj K Director CARE Ratings Limited Phone: 91-80- 4662 5555 E-mail: karthik.raj@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Manohar S Annappanavar Associate Director CARE Ratings Limited Phone: 912267543436 E-mail: manohar.annappanavar@careedge.in
	Arnav Navarange Analyst CARE Ratings Limited E-mail: Arnav.Navarange@careedge.in

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.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

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