Hilton Metal Forging Limited

July 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	7.00	CARE C; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	25.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd (CareEdge Ratings) has been seeking information from Hilton Metal Forging Limited (HMFL) to monitor the rating vide e-mail communications dated June 30, 2025, July 04, 2025, July 08, 2025, INC letter dated June 20, 2025, etc. and numerous phone calls. However, despite our repeated requests, HMFL has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The rating on HMFL's bank facilities will now be denoted as CARE C; Stable; ISSUER NOT COOPERATING* & CARE A4; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The ratings assigned to the bank facilities of HMFL remain constrained on account of modest scale of operations, deterioration in profitability and working capital intensive nature of operations. The ratings are further constrained due to deterioration in debt coverage indicators, foreign exchange fluctuation risk and presence in competitive and fragmented industry.
The ratings, however, derive strength from extensive experience of the promoter in the industry and long track record of operations and established relationship with reputed albeit concentrated customer base.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

HMFL registered a growth of 17.79% in its total operating income (TOI) to ₹163.05 crore in FY25 (FY refers to the period from April 1 to March 31) vis-à-vis ₹138.42 crore in FY24. However, despite the improvement, the scale of operations continued to remain modest.

Deterioration in profitability margins

Margins continued to deteriorate since last two years. PBILDT margin deteriorated to 9.43% in FY25 vis-à-vis 10.89% in FY24. Further, in line with PBILDT margin along with increase in interest expense, PAT margin also declined to 3.79% in FY25, compared to 4.83% in FY24.

Deterioration in debt coverage indicators

Capital structure of HMFL remained moderate marked by total debt of ₹61.01 crore against tangible net worth of ₹115.60 crore, resulting in overall gearing of 0.53x as on March 31, 2025.
Debt coverage indicators deteriorated marked by total debt to gross cash accruals (Total debt/GCA) and interest coverage of 7.25x and 2.18x respectively in FY25 (PY: 6.18x and 2.33x respectively).

Working capital intensive nature of operation

The operating cycle remained stretched at 234 days in FY25 compared to 239 days in FY24, primarily due to high inventory holding period of 217 days during FY25 (213 days in FY24). HMFL's inventory cycle remained elongated as the flanges manufacturing is very long process driven activity along with various approvals to be granted for the dispatch of export orders. HMFL caters to different industries and manufactures products of various size/grades. Thus, the company has to maintain different sizes/grades of material to meet the manufacturing requirement towards respective products resulting in high inventory. The collection period is also high at 88 days in FY25 vis-à-vis 88 days in FY24 owing to liberal credit policy of the company.

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

Foreign exchange fluctuation risk
HMFL also earns revenue through export of goods, which is likely to affect the profit margins owing to the volatility in foreign exchange rates. Further, the company does not follow any hedging practices. Also, the foreign exchange fluctuation risk continues to persist due to timing differences in the sales and receivables.

Presence in competitive and fragmented industry
Owing to presence of large numbers of players operating in the industry and low degree of product differentiation, the industry remained highly competitive and fragmented in nature limiting bargaining power of players of like HMFL and also led to liberal credit policies adopted by the management.

Key strengths

Long track record of operations and experienced promoters
HMFL has established track record of operations with more than a decade of existence in the industry. Moreover, the promoter/ directors of the company are technically qualified and have experience of over two decades in the industry and also look after the overall operations.

Established relationship with reputed albeit concentrated customer base
The company has established long-term relationships with all its reputed customers, including the global ones belonging to USA, Europe, Mexico, Canada and Australia who are mainly engaged in distribution of pipes, industrial valves & other fittings in their respective countries and to other parts of the world.

Liquidity: Stretched
The liquidity position is stretched characterized by moderate expected gross cash accruals of ~₹8-8.50 crore against annual principal repayment of ~₹3-3.50 crores in FY26. Current ratio and quick ratio stood at 1.78x and 0.85x respectively as on March 31, 2025 (1.89x and 0.75x as on March 31, 2024), reflect a significant portion of funds being tied up in inventory, thereby exerting pressure on working capital limits.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Information Adequacy Risk and Issuer Non-Cooperation
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 Products	Iron & Steel Products

Established as a proprietorship concern in the year 1999 and later on converted to public limited company in the year 2005, Hilton Metal Forging Limited (HMFL) is engaged in manufacturing of stainless-steel forging flanges allied pipe fitting items, Butt Weld Fittings, Railway Wheels, Gear Blanks, Forged Crankshafts for Automotive sector and Annealed Nickel Alloy and rings and Valve Body bonnet, stainless steel forged flanges forged fittings and lap-joint stub-ends (seamless) which find application in the oil and gas sector, petro chemical and refineries, marine and ship building, paper, pulp, pumps and valves industry and agricultural sectors. The manufacturing facility of the company is located at Wada, Thane with an installed capacity of 14,400 MTPA.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	138.42	163.05
PBILDT	15.08	15.38
PAT	6.69	6.18
Overall gearing (times)	0.54	0.53
Interest coverage (times)	2.33	2.18

A: Audited; 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		-	-	-	7.00	CARE C; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-EPC/PSC		-	-	-	25.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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-Cash Credit	LT	7.00	CARE C; Stable; ISSUER NOT COOPERATING*	-	1)CARE C; Stable (02-Jul-24)	1)CARE B+; Stable (29-Jun-23)	1)CARE D (01-Jul-22)
2	Fund-based - ST-EPC/PSC	ST	25.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (02-Jul-24)	1)CARE A4 (29-Jun-23)	1)CARE D (01-Jul-22)

*Issuer did not cooperate; based on best available information.
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 - ST-EPC/PSC	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:
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