

HTL Limited

September 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	21.87 (Reduced from 56.32)	CARE BBB+	Downgraded from CARE A-; Stable
Long-term bank facilities	122.75 (Enhanced from 96.64)	CARE BBB+; Stable	Downgraded from CARE A-; Stable
Long-term / Short-term bank facilities	115.00 (Enhanced from 100.00)	CARE BBB+; Stable / CARE A2	Downgraded from CARE A-; Stable / CARE A2+
Short-term bank facilities	150.00 (Reduced from 200.00)	CARE A2	Downgraded from CARE A2+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded ratings to bank facilities of HTL Limited (HTL) from CARE A-; Stable/ CARE A2+ to CARE BBB+; Stable/ CARE A2. The downgrade reflects continued moderation in the credit profile of its parent, HFCL Limited (HFCL), and weakening in HTL's operational and financial risk profile due to lower revenues, contraction in margins, and elevated leverage. The company also faces challenges from a stretched working capital cycle, volatility in input costs, and intense competition in the optical fibre cable (OFC) industry, which together constrain its standalone credit profile.

However, ratings continue to factor in HTL's strategic importance to HFCL, contributing nearly half of the group's consolidated OFC capacity and playing a critical role in maintaining its market position in the segment. HTL benefits from strong managerial, operational, and financial linkages with its parent, with a significant share of revenues derived from HFCL and demonstrated support in the form of equity infusions, unsecured borrowings, and corporate guarantees for all its bank facilities. These linkages are expected to continue, underpinning HTL's credit strength. Going forward, sustained support from HFCL, recovery in demand for OFC, improvement in profitability, and rationalisation of working capital will remain key monitorable from a credit perspective.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial improvement in the credit profile of the parent entity – HFCL.
- Improvement in the standalone financial risk profile of HTL and its contribution to HFCL's consolidated topline, and profitability goes beyond 30%.

Negative factors

- Any deterioration in credit profile of parent entity – HFCL.
- Reduction in shareholding by HFCL in HTL Ltd or reduced support in the form of financial assistance or off-take.
- Deterioration in the standalone financial risk profile of HTL with inability to improve its profitability margins above 10% on a sustained basis.

Analytical approach: Standalone

Standalone financials of HTL have been considered factoring in strong operational, financial, and management linkages with parent company, HFCL (rated 'CARE A-; Stable/CARE A2+').

Outlook: Stable

Stable outlook assigned to HTL facilities reflects the likelihood of HTL will improve its healthy operational and financial performance over the medium term amid a favourable demand scenario in the telecom sector.

Detailed description of key rating drivers:

Key strength

Strategic importance and strong operational linkages with parent

HTL holds strategic significance for HFCL, contributing nearly half of the group's consolidated OFC manufacturing capacity, making it critical to HFCL's market position in the OFC segment. The company derives 40–50% of its revenues from sales to HFCL,

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

underlining strong business integration. In FY25, HTL contributed 13% of HFCL's consolidated revenue (FY24: 17%; FY23: 27%) and 7% of consolidated PBILDT (FY24: 16%; FY23: 23%), highlighting its role in group-level performance despite moderation in recent years. HTL also benefits from centralised procurement, production, marketing, and finance functions, leveraging HFCL's scale for cost efficiencies. HFCL holds a 74% stake in HTL, with the balance 26% owned by the Government of India, and maintains close managerial oversight through board representation, including Chairman and Managing Director, Mahendra Nahata. The parent has consistently extended financial support in the form of equity infusions, unsecured borrowings, and a corporate guarantee covering all of HTL's bank facilities, which is expected to continue for future requirements as well. These factors underscore HTL's strategic and operational importance to HFCL and the high likelihood of sustained financial support in case of need.

Key weaknesses

Moderate operational and financial risk profile, expected to improve

HTL's operational performance has weakened in the last two years, with total operating income (TOI) declining to ₹575 crore in FY25 from ₹844 crore in FY24 and ₹1,265 crore in FY23, largely due to subdued demand in both domestic and export OFC markets. Lower volumes and capacity utilisation led to reduced absorption of fixed costs, causing PBILDT margins to contract to 5.52% in FY25 (FY24: 11.07%; FY23: 11.61%). The decline in scale and profitability also limited internal accrual generation. Financial risk indicators moderated, with overall gearing increasing to 1.68x in FY25 (PY: 1.06x) and total debt/PBILDT deteriorating to 8.28x (PY: 1.94x), reflecting higher borrowings and weaker earnings. However, early recovery signs are evident in Q1FY26, as TOI rose to ₹179 crore (15% YoY growth) and PBILDT margins improved sharply to 13.98% considering a pick-up in demand. Sustained improvement in demand and cost absorption, supported by the parent's continued backing, will be critical for strengthening the company's operational and financial risk profile.

Elevated working capital cycle

HTL's operations remain highly working capital intensive, with operating cycle extending to 160 days in FY25 from 114 days in FY24. Despite a ~32% decline in scale, gross receivables stayed at ₹246 crore (PY: ₹239 crore), driving average collection days to 152 from 90. Around 58% of receivables were from its parent, HFCL, providing counterparty comfort but also highlighting dependence on group cash flows. Inventory days also rose to 93 in FY25 (PY: 75), reflecting slower order conversion and higher stocking. Heightened working capital needs led to an increase in borrowings to ₹152 crore in FY25 from ₹93 crore in FY24, partly offset by stretching creditor payments. The reliance on short-term debt has weighed on liquidity and debt coverage metrics. Going forward, tighter receivable management, improved inventory turnover, and continued parental support will be critical to sustaining liquidity and reducing external dependence.

Intense competition in the industry

HTL operates in a highly competitive OFC industry, where demand is closely tied to the operational and capital expenditure cycles of telecom operators. Any delay or deferral in such spending directly impacts revenue visibility and order inflows. The company is working to diversify its product portfolio and expand into export markets; however, it faces stiff competition from large, established global players with stronger scale and market reach, which constrains pricing flexibility and bargaining power. Competition is also high in the domestic market due to the presence of multiple manufacturers, adding further pressure on margins. Sustained ability to secure orders in both domestic and international markets while maintaining profitability will remain a key monitorable.

Susceptibility to raw material price volatility

The company is focused on gaining traction in new geographies and value-added services to mitigate pricing pressure in relatively commoditised OF/OFC segment. The company is a backward integration for manufacture of OFC, FTTH and other specialised cables. Company's majority production is of OFC and thus remains susceptible to the volatility in the prices of raw materials which are procured from external sources. The company is insulated against the volatility in optical fibre prices partially due to the backward integration but still remains susceptible to the volatility in the prices of other raw materials which are procured from external sources and time lag in pass through of escalated costs.

Liquidity: Adequate

HTL's liquidity position is considered adequate, supported by expected cash accruals of ~₹80 crore in FY26 against scheduled debt repayments of ~₹25 crore. The company had high reliance on short-term funding, with average working capital utilisation at ~87% in the 12 months ended May 2025, reflecting limited buffer. Elevated receivables and inventory also continue to exert pressure on liquidity. Nevertheless, comfort is derived from the strong financial and operational linkages with HFCL, which holds a 74% stake in HTL and has extended a corporate guarantee for all of HTL's bank facilities, alongside support from MN Ventures Pvt Ltd. HFCL's demonstrated track record of equity infusions and unsecured loans provides confidence that timely support will

be available to meet operational, capex, or debt servicing requirements, given HTL's strategic importance to the group. The same remains a key ratings monitorable.

Applicable criteria

- [Definition of Default](#)
- [Factoring Linkages Parent Sub JV Group](#)
- [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
Telecommunication	Telecommunication	Telecom - Services	Other Telecom Services

HTL (formerly Hindustan Teleprinters Limited) was incorporated on December 14, 1960, in Chennai, as a wholly owned government company to manufacture teleprinters and ancillary equipment. In 2001, HFCL acquired 74% equity stake in HTL under the divestment policy of Government of India, who still retains 26% equity stake in the company. HTL has set up a plant for OFC manufacturing in Chennai with a capacity to manufacture 11.88 million Fiber Km of cables per annum and FTTH capacity of 270K cable Km per annum. The company also has manufacturing facility for Fibre Reinforced Plastic Rod (FRP), Impregnated Glass Fibre Reinforcement (IGFR), and Aramid/Kevlar Rods at Hosur in Tamil Nadu

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	844.29	574.60	178.87
PBILD	93.43	31.72	25.01
PAT	28.57	-15.12	11.49
Overall gearing (times)	1.06	1.68	NA
Interest coverage (times)	2.85	0.89	3.16

A: Audited UA: Unaudited NA: Not available; 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-Term Loan		-	-	30-09-2025	21.87	CARE BBB+
Fund-based - LT-Term Loan		-	-	Proposed	122.75	CARE BBB+; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	10.00	CARE BBB+; Stable / CARE A2
Fund-based - LT/ ST-Working Capital Limits		-	-	-	105.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-BG/LC		-	-	-	148.00	CARE A2
Non-fund-based - ST-Forward Contract		-	-	-	2.00	CARE A2

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-Term Loan	LT	21.87	CARE BBB+	-	1)CARE A-; Stable (05-Sep-24)	1)CARE A-; Stable (21-Jul-23)	1)CARE A (CE); Stable (06-Jul-22) 2)CARE A (CE); Stable (14-Apr-22)
2	Non-fund-based - ST-BG/LC	ST	148.00	CARE A2	-	1)CARE A2+ (05-Sep-24)	1)CARE A2+ (21-Jul-23)	1)CARE A2+ (CE) (06-Jul-22) 2)CARE A2+ (CE) (14-Apr-22)
3	Fund-based - LT/ ST-Working Capital Limits	LT/ST	105.00	CARE BBB+; Stable / CARE A2	-	1)CARE A-; Stable / CARE A2+ (05-Sep-24)	1)CARE A2+ (21-Jul-23)	1)CARE A2+ (CE) (06-Jul-22) 2)CARE A2+ (CE) (14-Apr-22)
4	Unsupported Rating- Unsupported Rating (LT/ST)	LT/ST	-	-	-	-	1)Withdrawn (21-Jul-23)	1)CARE BBB+ / CARE A2 (06-Jul-22) 2)CARE BBB+ / CARE A2 (14-Apr-22)
5	Non-fund-based - ST-Forward Contract	ST	2.00	CARE A2	-	1)CARE A2+ (05-Sep-24)	1)CARE A2+ (21-Jul-23)	1)CARE A2+ (CE) (06-Jul-22) 2)CARE A2+ (CE) (14-Apr-22)
6	Fund-based - LT-Term Loan	LT	122.75	CARE BBB+; Stable	-	1)CARE A-; Stable (05-Sep-24)	1)CARE A-; Stable (21-Jul-23)	-
7	Fund-based - LT/ ST-Working Capital Limits	LT/ST	10.00	CARE BBB+; Stable / CARE A2	-	1)CARE A-; Stable / CARE A2+ (05-Sep-24)	1)CARE A-; Stable (21-Jul-23)	-

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-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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.

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