

OCTOBER 13, 2016

CARE REVISES/REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF HILTON METAL FORGING LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	7	CARE BB- (Double B Minus)	Revised from CARE BB (Double B)
Short term Bank Facilities	27	CARE A4 (A Four)	Reaffirmed
Total Facilities	34 (Rupees Thirty Four crore only)		

Rating Rationale

The revision in the long-term rating assigned to the bank facilities of Hilton Metal Forging Limited (HMFL) factors in the decline in scale of operations coupled with net losses incurred in FY16 (refers to the period April 1 to March 31), deterioration in the debt coverage indicators and elongation in the operating cycle.

The ratings, further, continue to be constrained by moderate operating margins coupled with their susceptibility to volatile input prices and presence in cyclical & competitive industry.

The ratings, however, continue to derive strength from highly experienced & qualified promoters, reputed & diversified customer base and comfortable capital structure.

The ability of HMFL to increase the scale of operations and improve profit margins amidst cyclical & competitive industry, along with maintaining the capital structure and improving the liquidity position with efficient working capital management is the key rating sensitivity.

Background

Established as a proprietorship concern in 1999, Hilton Metal Forging Limited (HMFL) is engaged in manufacturing of forged flanges and rings mainly applied in the oil & gas, petrochemical refineries and automotive industry. The manufacturing facility of the company is located at Wada, Thane with an installed capacity of 14,400 metric tonnes per annum (MTPA). The company is listed at BSE and is trading at Rs.15.35 per share with a free float market capitalization of Rs.8.98 crore.

During FY16, the total operating income of the company stood at Rs.67.88 crore (vis-à-vis Rs.93.37 crore in FY15), whereas a net loss of Rs.1.58 crore was posted during the same year (vis-à-vis a PAT of Rs.0.93 crore in FY15).

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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