

SEPTEMBER 09, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF HILTON METAL FORGINGS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	4.00	CARE BB (Double B)	Reaffirmed
Short term Bank Facilities	30.00	CARE A4 (A Four)	Reaffirmed
Total Facilities	34.00 (Rupees Thirty Four crore only)		

Rating Rationale

The ratings assigned to the bank facilities of Hilton Metal Forgings Limited (HMFL) continue to be constrained by the modest scale of operations, moderate operating profitability margins and working capital intensive nature of operations. The ratings further continue to be constrained by susceptibility of the profitability margins to volatile raw material prices, foreign exchange fluctuation risk along with presence in cyclical and competitive industry.

The ratings however, continue to derive strength from experienced promoters, diversified customer base, comfortable capital structure and moderate debt coverage indicators.

Ability of HMFL to improve its scale of operations and profitability margins along with efficient management of working capital cycle are the key rating sensitivities.

Background

Established as a proprietorship concern in 1999, Hilton Metal Forging Limited (HMFL) is engaged in manufacturing of forged flanges and rings which finds application primarily in the oil & gas, petrochemical refineries and automotive industry. Furthermore, during FY16 HMFL is planning to diversify its product range by engaging in the manufacturing (forging & machining) of fully mechanized crankshaft.

The manufacturing facility of the company is located at Wada, Thane with an installed capacity of 14,400 Metric Tonnes per annum.

During FY15 (refers to period April 01 to March 31) HMFL posted total income of Rs.93.35 crore (lower by 29% vis-a-vis FY14) and PAT of Rs.0.93 crore (lower 65% by vis-a-vis FY14). Furthermore for Q1FY16, HMFL posted total income of Rs.16.86 crore and has an order book position of Rs.25.79 crore likely to be executed by September 2015.

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

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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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