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To,
Corporate Relationship Department,
Bombay Stock Exchange
Ground Floor, Phiroze Jeejeeboy Tower,
Dalal Street Fort,
Mumbai-400001.

Date: 25.05.2023

Scrip code: 505712

Subject: Disclosure under Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir,

Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule III, we would like to inform you that Infomerics Valuation and Rating Private Limited vide its press release dated 19th May, 2023, has Re-affirmed the company earlier ratings:

Instrument/Facility	Current Rating	Previous Rating	Rating Action
Long term Bank Facilities	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	Re-affirmed
Short Term bank Facilities	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Re-affirmed

Copy of the credit rating is enclosed.

You are requested to kindly take the above on your records.

Thank You,

For Him Teknoforge Limited



Rajiv Aggarwal
Joint managing Director
DIN: 00094198



Press Release

Him Teknoforge Ltd

May 19th, 2023

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	165.63	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	Re-affirmed	Simple
Short Term bank Facilities	24.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Re-affirmed	
Total	189.63 (Rupees One Hundred Eighty Nine Crores and Sixty three Lakhs Only)				

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has re-affirmed long term rating of IVR BBB+ with a Stable outlook and Short Term rating of IVR A2 for the bank loan facilities of Him Teknoforge Ltd (HTL)

The Re-affirmation of the rating to the bank facilities of Him Teknoforge Ltd (HTL) draws comfort from its experienced and resourceful promoters, healthy growth in its scale of operations in FY22(A) & 9MFY23(U/A) on the back of traction in demand from end-user industries in domestic as well as exports market along with improvement in its leveraged capital structure and moderate debt coverage indicators. The ratings continue to remain constrained on account of high customer concentration risk, susceptibility of profitability to volatile raw material prices as well as foreign exchange fluctuation risk and its presence in a highly competitive industry with demand linked to cyclical end user industries (including automobile, engineering and capital goods and heavy machinery).



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The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes HTL's will continue to benefit from its operational track record in the business, its reputed clientele and experienced management. The industry outlook is also improving led by the government of India making steady progress in automobile industry.

IVR has principally relied on the standalone audited financial results of HTL upto 31 March 2022, 9MFY23 and projected financials for FY2023, FY2024 and FY2025 and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operations on a sustained basis
- Improvement in the debt metrics on a sustained basis improving the liquidity position.

Downward Factors

- Significant stretch in working capital cycle impacting the liquidity profile and increasing dependency on external borrowings.
- Deterioration of debt protection metrics
- Adverse decision by the honourable high court in the matter of IFCI Venture Fund pledge of shareholding of promoter.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoters in the auto component industry and longstanding relationships with customers

HTL was established in 1981 by Mr Vijay Aggarwal, having an experience of more than 4 decades in the auto component industry. The extensive experience of the management has helped the company to establish a strong relationship with its customer such as Mahindra & Mahindra, Ashok Leyland, Bharat Gears Limited, Brakes India Private Limited etc and to



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agricultural equipment & tractor manufacturers such as Ve Commercial Vehicles Limited, Sonalika Industries. The company has clientele spread across the world with reputed clientele albeit customer concentration.

Stable Operating Income:

The total operating income of the company registered a y-o-y growth of ~48.12% from Rs 238.89 crore in FY21 to Rs 351.64 crore in FY22 driven by increase in order from OEMs driven by recovery in demand in automobile sector. The company has an running order book of Rs 30-35 crore per month to be completed by indicating medium term revenue visibility. However, as on Dec 22 the total operating income of the company stood at Rs. 315.77 Crore.

Healthy Financial risk profile:

Financial risk profile stood healthy marked by healthy net worth of Rs 153.98 crore along with comfortable long-term debt equity ratio and overall gearing ratio at 0.38x, 0.98x as on March 31,2022. The total debt comprises of secured loan of Rs 43.18 crore along with repayment of Rs 15.72 crore and working capital limits of Rs 91.70 crore. The debt protection metrics are above average with interest coverage ratio & DSCR at 1.98x & 1.04x and Total Debt/GCA of 7.84 years as on March 31,2022. The financial risk profile of the company is expected to remain above average over the medium term with a rise in cash accruals.

Key Rating Weaknesses

Elongated Operating cycle:

The operations of the company stood elongated marked by operating cycle of 176 days with average creditors period of 42 days & average collection period of 55 days for FY22. The elongation in operating cycle is on account of increase in inventory holding period owing to lower production by vehicle manufacturers and lockdown in the country due to COVID-19 impact. The company is required to maintain adequate inventory at each processing stage for smooth running of its production processes and to ensure prompt delivery to its customers



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resulting in an average inventory holding period of around 163 days with inventory of Rs ~146.76 crore as on March 31, 2022. The working capital borrowings of the company remained ~96% maximum utilized during the past 12 months ending Jan, 2023.

Dispute between the IFCI Venture Capital Fund and promoters over invocation of pledged shares :

The Company- Him Teknoforge Ltd.- Unlisted (before merger with Gujarat Automotive Gears Ltd.) has raised private equity funds from IFCI Venture Capital Fund in May, 2011. The Promoters of the Company pledged their shares of 14.38 lakhs with IFCI-V in pursuance of the Investment Agreement. As per the agreement the shares of the company are to be listed in stock exchange and to comply this condition, the company merged with Gujarat Automotive Gears Ltd (listed in BSE) on Sept., 2013. The whole process of merger and listing of new shares (allotted to the shareholders of HTL) was completed in March 2018 and in Feb 2019, IFCI-Venture initiated the process for invocation of pledged shares of the promoters. The promoters have filed petition before the Hon'ble High Court of Punjab & Haryana for restraining the IFCI-V for invocation of pledge and release of pledged shares. The Hon'ble High court admitted the petition of the Promoters and has granted interim stay on sale of shares. The matter is currently before the court as the hearings have been delayed due to the COVID situation. An adverse outcome of the case may result in reduction of promoter and promoters group shareholding, exposing the company to some level of management risk.

Exposure to cyclicity in the auto industry : The auto industry accounts for the entire revenue of the company. The performance of the auto industry is linked to overall macroeconomic scenario. The demand for automobiles has a significant impact on the demand and prices of the products manufactured by the company. A fall in the demand and/or prices would adversely impact the financial performance of the company. The company is susceptible to cyclicity in the auto industry.



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Analytical Approach: Standalone

Applicable Criteria :

[Rating Methodology for Manufacturing entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)

Liquidity – Adequate

The liquidity position of the company is marked by its adequate with a GCA of Rs 22.14 crore as against CPLTD of 15.72 crores as on March 31, 2023. The GCA is expected to be in a range of Rs 22.14 - 34.92 crore against the repayment of Rs 15.72 to 12.48 crore in FY23-25. The company has good current ratio of 1.34x. Further, the company has adequate liquidity buffer as indicated by high utilised bank limits at ~96.00% in the past 12 months ended on Jan, 2023.

About the Company

Him Teknoforge Limited was established in 1973 by Mr. Vijay Aggarwal at Baddi. The company is engaged in manufacturing of alloy steel forgings, finished gears & axles, shafts, assemblies and non-assemblies for the automotive industry, mainly the commercial auto manufacturers. It has six manufacturing units in the following locations: Baddi (two) and Manpura (one) in Himachal Pradesh, Gujarat (one) and Pithampur (two) in Madhya Pradesh. The Company amalgamated with– Gujarat Automotive & Gears Limited (BSE listed company) which was approved by NCLT via order dtd. 09.01.2018.

Financials (Standalone):

For the year ended* As on	31-03-2021	31-03-2022	(Rs. crore) 9MFY23
	Audited	Audited	Unaudited
Total Operating Income	238.89	351.64	315.77
EBITDA	30.01	31.89	30.94
PAT	5.14	8.83	7.60
Total Debt	151.09	150.59	N/A
Tangible Net worth*	143.44	153.98	N/A
EBITDA Margin (%)	12.56%	9.07%	9.80%
PAT Margin (%)	2.13%	2.47%	2.41%
Overall Gearing Ratio (x)	1.05x	0.98x	N/A



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**as per Infomerics standards*

Status of non-cooperation with previous CRA : N/A

Any other information: : Nil

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 Dated : June 28 th , 2022	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1	Term loan	Long Term	65.63	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	-	-
2	Cash Credit	Long Term	100.00	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	-	-
3	Letter of Credit	Short Term	18.50	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	-	-
4	Bank Guarantee	Short Term	3.50	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	-	-
5	Forward Contract	Short Term	2.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	-	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Tarun Jain Tel: (011) 45579024 Email: Tarun.jain@infomerics.com	Name: Mr. Om Prakash Jain Tel: (011) 45579024 Email: opjain@infomerics.com
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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factor

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan				65.63	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)
Long Term Bank Facilities – Cash Credit				100.00	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)



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Short Term Bank Facilities – Letter of Credit				18.50	IVR A2 (IVR A Two)
Short Term Bank Facilities – Bank Guarantee				3.50	IVR A2 (IVR A Two)
Short Term Bank Facilities – Forward Cover				2.00	IVR A2 (IVR A Two)

**Tenure is 730 days*

Annexure 2: List of companies considered for consolidated analysis: Not applicable

Annexure 3: Facility wise lender details: As per attached annexure

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com