

March 26, 2025

Hindustan Pressings Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	33.10	33.10	[ICRA]BB-(Stable); Reaffirmed
Long-term/Short-term – Fund Based/ Non fund based - Working Capital Facilities	22.00	22.00	[ICRA]BB-(Stable) / [ICRA]A4; Reaffirmed
Total	55.10	55.10	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of ratings for Hindustan Pressings Private Limited (HPPL) factors in the extensive experience of its promoters in the sheet metal components business and long association with reputed customers, leading to repeat orders, and thus, revenue visibility. ICRA also notes the increasing share of exports in HPPL's revenue pie (31% in FY2024 and 39% in 11M FY2025, from 9% in FY2020), which augurs well for business growth and diversification, while providing comfort to the profitability metrics.

The ratings, however, remain constrained by HPPL's modest scale of operations (with an operating income of Rs. 127.3 crore in FY2024 and ~Rs. 126.0 crore in 11M FY2025) compared to its peers in an intensely competitive sheet metal fabrication industry. As a major portion of its revenue is derived from the domestic automotive industry, the company remains exposed to the inherent cyclicity associated with the automotive sector. While the company's remained flat in FY2024 on a YoY basis, in line with the slowdown in the two-wheeler (2W) industry, its revenues are estimated to clock 7-8% growth in FY2025 on the back of revival seen in the domestic 2W industry, reflecting positively in higher volume offtake for 2W components and increasing share of exports in HPPL's revenue. The cost optimisation measures undertaken by the company, coupled with increasing revenue share from exports, led to some improvement in the operating margin to 10.5% in FY2024 from 10.2% in FY2023. The same is likely to improve, going forward. The ratings remain constrained by the leveraged capital structure, characterised by high total outside liabilities/tangible net worth (TOL/TNW) on account of frequent debt-funded capex along with a modest net worth base. The same is expected to improve with conversion of unsecured loans from promoters into equity. The ratings also continue to reflect the susceptibility of the company's profitability to fluctuations in foreign exchange (forex) rates, wherein any adverse movement in forex rates could impact the profitability metrics. However, the forex hedging mechanism implemented by HPPL provides some comfort against the said risk. With a moderate revenue dependence on automotive components used in internal combustion (IC) engines, HPPL's business profile remains exposed to the electrification drive in the automotive industry.

The Stable outlook on the long-term rating reflects ICRA's opinion that HPPL will continue to benefit from the extensive experience of the promoters in the sheet metal components business and its established relationships with tier-1 suppliers and original equipment manufacturers (OEMs) in the domestic as well as overseas markets.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in the sheet metal components business – Mr. Rakesh Mittal, an engineer, is the Managing Director of the company. He has been working with HPPL since 2001 and handles its overall operations. The company benefits

from the extensive experience of promoters in the sheet metal components business, reflected in retention of existing and onboarding of new clients over the years.

Long association with reputed clientele results in repeat orders – HPPL is primarily a supplier of sheet metal enclosures (bending and pressing) and clutch plates (laser cutting and pressing) to tier-1 suppliers of OEMs. The top two customers contributed 39% to the revenues in FY2024. It is also a supplier to non-auto component entities catering to the shipping, construction and agricultural equipment sectors. The company has been garnering repeat orders owing to its long relationships with its key customers. Further, the lengthy approval process followed for developing suppliers, including tooling expenses incurred during the development phase, creates some customer retention.

Increasing share of exports leading to better geographical diversification – As a part of its geographical diversification strategy, HPPL has been focusing on raising the share of exports in its revenue pie, and the same has increased steadily to 39% (11M FY2025) from 9% (FY2020). As exports yield better realisation, and thus, better margins compared to the domestic markets, the increasing share of exports in HPPL's revenue pie is expected to aid in margin expansion over the medium term, besides providing geographical diversification to the revenue base.

Credit challenges

Modest scale of operations in the intensely competitive and fragmented auto component industry – HPPL is a relatively smaller-sized player in the intensely competitive and fragmented sheet metal fabrication business. With a turnover of Rs. 127.3 crore in FY2024 and ~Rs. 126.0 crore in 11M FY2025, the company continues to exhibit a modest scale of operations. Operating in the sheet metal industry, HPPL's business profile is exposed to a high degree of competition, which may have a bearing on the margin profile.

Exposure of revenues towards impending electrification in the automotive industry – Given the moderate dependence of its revenues towards the products applied in IC engines, HPPL's business profile remains exposed towards the impending electrification in the automotive industry. However, the risk is mitigated to an extent as several automotive components supplied by HPPL are technology agnostic in nature (i.e., the components are required in both IC engine vehicles as well as electric vehicles). Besides, the company is enhancing its focus on non-automotive segments..

Capital structure remains leveraged owing to regular debt-funded capex – The debt profile of HPPL remains dominated by external term loans (49% of overall debt), followed by working capital borrowings (30%) and unsecured interest-free loans from promoters (21%) as of March 31, 2024. Its TD/OPBDITA remained high at 6.2 times in FY2024, whereas the interest cover stood at 2.6 times. Going forward, an increasing revenue share from exports is expected to aid in expanding the operating margins, which should improve the leverage and coverage indicators to an extent. HPPL's gearing remained high at 4.1 times as of March 31, 2024. However, unsecured interest-free loans continue to provide some comfort to the debt profile of HPPL. With the company planning to partly fund its ongoing and upcoming capex of Rs. 23.0 crore in FY2025, Rs. 8 crore each in FY2026 and FY2027 through external borrowings, the debt level is expected to remain elevated over the near term. Commensurate returns from the debt-funded capex would be a key rating monitorable.

Vulnerability of margins to forex and raw material price fluctuations, as well as to cyclicity of automotive industry – The company's profitability is exposed to fluctuations in raw material prices, which constitute 50-60% of its overall cost structure. However, the price pass-on arrangement (with a time lag of one quarter) with its main customers provides some comfort against the said risk. Further, there is vulnerability to fluctuations in forex rates due to its exports, however, the company's practice of hedging the foreign currency mitigates the forex risk. While the inherent cyclicity in the underlying automotive industry may impact the business performance of HPPL, the company has been actively trying to ramp up the revenue contribution from the non-automotive segments to mitigate the same.

Liquidity position: Stretched

The company's average working capital utilisation stood at ~62% of the sanctioned limits for the 12-month period ending in December 2024. With cash and liquid investments of Rs. 1.6 crore and buffer in the form of undrawn working capital lines

limited to Rs. 7.8 crore as on December 31, 2024 over annual debt repayment obligations of Rs. 6-7 crore between FY2025 and FY2027, HPPL's liquidity position continues to remain stretched. Its cash flow generation is expected to remain moderate at Rs.8-9 crore per annum, which should aid in debt servicing as well as partly funding the capital expenditure activities.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company's scale and profitability improve on a sustained basis, strengthening the debt coverage indicators and liquidity profile. Improvement in the net worth position will also be a credit positive. Maintaining TD/OPBITDA of less than 4.0 times on a sustained basis would also be a positive rating trigger.

Negative factors – Pressure on the ratings could arise if HPPL's scale and profitability witness a sustained deterioration and/or if the company undertakes higher-than-anticipated debt-funded capex, which does not generate commensurate returns and impacts the capital structure.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of Hindustan Pressings Private Limited.

About the company

HPPL was set up in 1985 as Mittal Fabricators Pvt. Ltd. and was renamed as Hindustan Pressings Private Limited in 1998. The company's plant at Markal, Pune (Maharashtra) is primarily involved in sheet metal fabrication and manufacturing of pressed metal components, mainly for the automotive industry. HPPL primarily supplies its products to tier-I auto-component manufacturers as well as to OEMs in the domestic automobile industry to a small extent. It also has a moderate presence in the export market, wherein it mainly caters to the automotive, shipping and construction industries. At present, HPPL's operations are managed by Mr. Rakesh Mittal.

Key financial indicators

HPPL (Standalone)	FY2023 Audited	FY2024 Audited
Operating income	128.3	127.3
PAT	2.4	2.2
OPBDIT/OI	10.2%	10.5%
PAT/OI	1.9%	1.7%
Total outside liabilities/Tangible net worth (times)	5.2	5.3
Total debt/OPBDIT (times)	5.6	6.2
Interest coverage (times)	3.1	2.6

Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Source: Company, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	March 26, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Long term-term loan-fund based	Long Term	33.10	[ICRA]BB-(Stable)	Dec 21, 2023	[ICRA]BB-(Stable)	Apr 26, 2022	[ICRA]BB- (Stable) ISSUER NOT COOPERATING	-	-
				-	-	Oct 06, 2022	[ICRA]BB- (Stable)	-	-
Long term / short term-others-fund based/non fund based	Long Term/ Short Term	22.00	[ICRA]BB-(Stable)/ [ICRA]A4	Dec 21, 2023	[ICRA]BB-(Stable)/ [ICRA]A4	-	-	-	-
Fund Based / Working Capital Facilities	Long Term	-	-	-	-	Apr 26, 2022	[ICRA]BB- (Stable) ISSUER NOT COOPERATING	-	-
				-	-	Oct 06, 2022	[ICRA]BB- (Stable)	-	-
Non-Fund Based Facilities –Letter of Credit / Bank Guarantee	Short Term	-	-	-	-	Apr 26, 2022	[ICRA]A4; ISSUER NOT COOPERATING	-	-
				-	-	Oct 06, 2022	[ICRA]A4	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple
Long-term/Short-term – Fund based/non fund based – Working capital facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan-I	FY2022	8.0%	FY2028	23.75	[ICRA]BB-(Stable)
NA	Term loan-II	FY2022	7.5%	FY2027	1.95	[ICRA]BB-(Stable)
NA	Term loan-III	FY2021	7.5%	FY2026	7.40	[ICRA]BB-(Stable)
NA	Working Capital Facilities	NA	NA	NA	22.00	[ICRA]BB-(Stable)/[ICRA]A4

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis- Not Applicable

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545328
shamsherd@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Mythri Macherla
+91 80 4332 6407
mythri.macherla@icraindia.com

Yashowardhan Swami
+91 20 6606 9923
yashowardhan.swami@icraindia.com

Kesavulu Mannaru
+91 80 4332 6434
kesavulu.mannaru@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.