

September 30, 2025

Hical Technologies Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Term loan	14.43	25.75	[ICRA]BB (Stable); reaffirmed / assigned for enhanced amount
Long-term – Cash credit (sublimit of PCFC)	(5.00)	-	-
Short-term – EPC/PCFC	40.00	48.00	[ICRA]A4; reaffirmed / assigned for enhanced amount
Long-term – Fund based - Cash credit	-	10.00	[ICRA]BB (Stable); assigned
Short-term – Non fund based limits	3.75	8.75	[ICRA]A4; reaffirmed / assigned for enhanced amount
Long term/Short term – Unallocated	1.82	-	-
Total	60.00	92.50	

*Instrument details are provided in Annexure I

Rationale

For arriving at the ratings, ICRA has taken consolidated financials of the Hical Group, comprising Hical Technologies Private Limited (HTPL) and Hical NSE Electronics Pvt Ltd (HNSE), considering the common management and the strong operational and financial linkages among these entities.

The ratings reaffirmation reflects HTPL's improved operational and financial performance in FY2025, driven by robust order inflows from key customers. The Group's revenues increased by around 36% on a YoY basis, reaching Rs. 212.2 crore, supported by increased order flows from existing customers and the expansion of its client portfolio. Furthermore, economies of scale led to an improvement in its operating profit margin (OPM) to around 14% in FY2025 from around 12% in FY2024. The company has a healthy order book of about Rs.172 crore as of July 31, 2025, providing revenue visibility for the next 12-18 months, particularly from the US market, which contributed 45-50% of total revenues in FY2024 and FY2025. The ratings also factor in the Group's established track record and the promoters' extensive experience in the design and manufacturing of electromechanical components, automated test equipment, data acquisition and control systems, precision machining components, sheet metal mechanical integration, cable harnesses, and systems integration. The ratings consider HTPL's diversified product portfolio across the aerospace and industrial segments, along with its reputed international client base spread across geographies.

ICRA notes that Indian exporters have been navigating a turbulent trade environment, with recent tariff hikes by the US threatening to reshape long-standing business dynamics. The latest round of US tariffs, effective August 27, 2025, has added a punitive 25% duty on select Indian goods, pushing the effective tariff burden to 50-60% for some categories, combined with pre-existing levies. This escalation places Indian exporters at a disadvantage compared to competitors that face lower tariff rates. ICRA expects the Group's business to be impacted by the turbulent trade environment, with most of its products falling under the higher tariff categories. The export profile of the Group has been dominated by the US over the years. Exports to the US account for 45-50% of the Group's revenues, exposing the company to tariff-related uncertainties. However, the Group has been able to supply its products at pre-contracted prices, and the tariff impact is being entirely absorbed by its customers,

as informed by the management. ICRA notes these developments and their potential impact on the Group's revenue and profitability, as the entire tariff burden may be difficult to pass on to downstream stakeholders. If the recently imposed tariffs continue, ICRA anticipates the revenues and margins of the Group to moderate in H2 FY2026. Nonetheless, ICRA will continue to monitor the evolving environment and its implications for HTPL's credit profile.

Further, the ratings are constrained by the Group's high working capital intensity, elongated receivables, and elevated inventory levels, resulting in continued reliance on working capital debt, although there had been improvement in FY2025. Despite the improvement, working capital intensity remains high, at about 50% in FY2025 compared to about 63% in FY2024. The company's ability to effectively manage its receivable cycle and inventory during this growth phase remains a key monitorable. The ratings also consider its moderate financial risk profile, characterised by a total debt/OPBDITA of 3.6 times and a total outside liabilities/tangible net worth (TOL/TNW) ratio of 2.8 times as of March 31, 2025. HTPL remains exposed to the risk of cash flow mismatches, and its coverage metrics are expected to remain constrained due to large repayment obligations in FY2026, primarily in the form of short-term loans and planned debt-funded capex. Additionally, the ratings are limited by high sector and customer concentration risks, with the top five customers accounting for about 52% of total revenue in FY2025. HTPL also remains exposed to foreign currency fluctuation risks due to its extensive export and import operations.

The Stable outlook on the long-term rating reflects ICRA's expectation that despite near-term challenges, HTPL will maintain operating metrics at the current level. Furthermore, the export environment to key markets, particularly considering tariffs imposed by the United States will remain a critical factor and a key monitorable going forward.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters – HTPL's promoters have extensive experience of more than three decades in designing and manufacturing electromechanical components, automated test equipment, data acquisition and control systems, precision machining components, sheet metal mechanical integration, cable harnesses, and systems integration. The extensive experience of the promoters has helped the Group gradually grow the business through the acquisition of new customers and by securing repeat orders from existing customers over the years.

Diverse products profile and reputed clientele – HTPL has an established track record in manufacturing electromagnetic components such as transformers (planar, helical, toroid, foil wound, and hybrid), inductors, solenoids, and motors catering to the aerospace, defence, and industrial verticals. Its customer profile consists of global aerospace majors such as Hamilton Sundstrand Corporation (UTAS), Goodrich Aerospace Services Pvt. Ltd. (UTAS), Thales Solutions Asia Pte Limited, the Indian Space Research Organisation (ISRO), etc. In the industrial division, the company caters to customers such as ST Microelectronics Pte Limited, Eaton Corporation, Tyco Electronics UK Ltd, among others. The renowned clientele reduces counterparty risks to an extent, and its established relationships support repeat orders.

Credit challenges

Elongated working capital cycle and stretched liquidity – HTPL implemented several measures to reduce its inventory holding period, including the gradual rundown of old raw material stock and placing purchase orders for new stock on prudent basis. These efforts led to a significant reduction in inventory days to 164 in FY2025 compared to 253 in FY2024 and improved the working capital intensity, which declined to about 51% in FY2025 from about 64% in FY2024. Despite a YoY improvement in working capital intensity, the same remained elongated owing to higher receivable days and change in payment terms with its key suppliers, which resulted in continued reliance on short-term bank funding support (repayable in with in one year) for working capital requirement. Further, with limited buffer in working capital limits, the Group's ability to support revenue growth, ensure timely liquidation of high levels and/or bring in additional funding in a timely manner would be essential from the credit perspective.

High customer and sector concentration risks and vulnerability to foreign currency fluctuation risk – Most of HTPL’s customers are in the aerospace segment, exposing it to sector concentration risk. As a result, the company is vulnerable to any cyclicity or downturns in the industry. Apart from this, the company’s customer concentration remained high, with the top five customers contributing around 52% of its revenues in FY2025. Nonetheless, the long track record of repeat orders across segments and the Group’s diversification into the industrial, defence, and automotive segments are expected to mitigate the risk to some extent. Given the sizeable imports (about 80% of requirement), the Group remains exposed to adverse movements in forex rates. However, with exports accounting for over 80-90% of its revenues, such risks are partly mitigated by the natural hedge from export earnings. HTPL also hedges a sizeable portion of its net foreign exposure through forward contracts, thereby reducing the risk to an extent.

Liquidity position: Stretched

HTPL’s liquidity position is expected to remain stretched due to limited buffer in working capital limits, planned debt-funded capex, and sizeable debt repayment obligations. HTPL’s average working capital utilisation remained high at 87.9% in the 12 months ending July 2025, resulting in a limited cushion of Rs. 7.3 crore during the same period. Further, despite an enhancement in limits, HTPL continued to depend on one-time short-term loans and WCDL loans for working capital needs. HTPL has high repayment obligations of Rs. 27.1 crore (including short-term loan repayments of Rs. 23.1 crore and scheduled repayment of Rs. 4.0 crore). Further, the company has capex plans of Rs. 17-19 crore, which are funded through a term loan of Rs.15 crore.

Rating sensitivities

Positive factors – The ratings could be upgraded in case of sustained growth in earnings and working capital intensity, leading to an improvement in liquidity position, leverage and debt coverage metrics.

Negative factors – The ratings may be downgraded if subdued earnings and a sustained stretch in the working capital cycle further weaken its liquidity position. Specific credit metrics that could lead to a rating downgrade would include an interest coverage ratio of less than 2.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of HTPL and its joint venture Hical NSE Electronics Pvt Ltd (HNSE).

About the company

HTPL (formerly known as Hical Aerospace Private Limited) was established in 2011. It had taken over the manufacturing and engineering division from Hical Infra Private Limited (formerly known as Hical Technologies Private Limited), which was established in 1990. It primarily manufactures high-reliability electromechanical products such as transformers, inductors, solenoids, motors, and electromagnetic assemblies, and provides advanced integration and engineering services to leading aerospace, railways, auto, medical, and speciality industrial companies across the world. It is an export-oriented unit and supplies to customers in Europe, the US, and Asia. Hical NSE Electronics Pvt. Ltd. is a joint venture between HTPL (51%) and NSE Industries, France (49%). This JV has been established to cater to Indian offset requirements.

Key financial indicators (audited)

	Consolidated		Standalone	
	FY2024	FY2025	FY2024	FY2025
Operating income	156.4	212.2	148.0	203.4
PAT	2.4	7.9	1.7	7.3
OPBDIT/OI	12.3%	14.1%	12.2%	14.3%
PAT/OI	1.5%	3.7%	1.2%	3.6%
Total outside liabilities/Tangible net worth (times)	3.1	2.8	3.2	2.9
Total debt/OPBDIT (times)	5.3	3.6	5.6	3.6
Interest coverage (times)	2.3	2.8	2.2	2.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Sep 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term Loan	Long Term	25.75	[ICRA]BB (Stable)	Jun 11, 2024	[ICRA]BB (Stable)	-	-	Mar 30, 2023	[ICRA]BB+ (Negative)
Cash credit (Sublimit of PCFC)	Long Term	-	-	Jun 11, 2024	[ICRA]BB (Stable)	-	-	Mar 30, 2023	[ICRA]BB+ (Negative)
EPC/PCFC	Short Term	48.00	[ICRA]A4	Jun 11, 2024	[ICRA]A4	-	-	Mar 30, 2023	[ICRA]A4+
Cash credit	Long Term	10.00	[ICRA]BB (Stable)	-	-	-	-	-	-
Non-fund based limits	Short Term	8.75	[ICRA]A4	Jun 11, 2024	[ICRA]A4	-	-	Mar 30, 2023	[ICRA]A4+
Unallocated	Long Term/ Short Term	-	-	Jun 11, 2024	[ICRA]BB (Stable)/ [ICRA]A4	-	-	Mar 30, 2023	[ICRA]BB+ (Negative)/ [ICRA]A4+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based -Term loan	Simple
Short-term – EPC/PCFC	Very simple
Long-term – Fund based -Cash credit	Simple
Short-term – Non fund based limits	Very 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 loans	FY2027-FY2026	-	FY2027-FY2031	25.75	[ICRA]BB (Stable)
NA	EPC/PCFC	-	-	-	48.00	[ICRA]A4
NA	Cash credit	-	-	-	10.00	[ICRA]BB (Stable)
NA	Non-fund based limits	-	-	-	8.75	[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

Company Name	HTPL Ownership	Consolidation Approach
Hical Technologies Private Limited	- (rated entity)	Full Consolidation
Hical NSE Electronics Private Limited	51.0%	Full Consolidation

Source: The company

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Uday Kumar

+91 124 4545 867

uday.kumar@icraindia.com

Vilasagaram Nandakishore

+91 40 6939 6407

vilasagaram.nandakishore@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



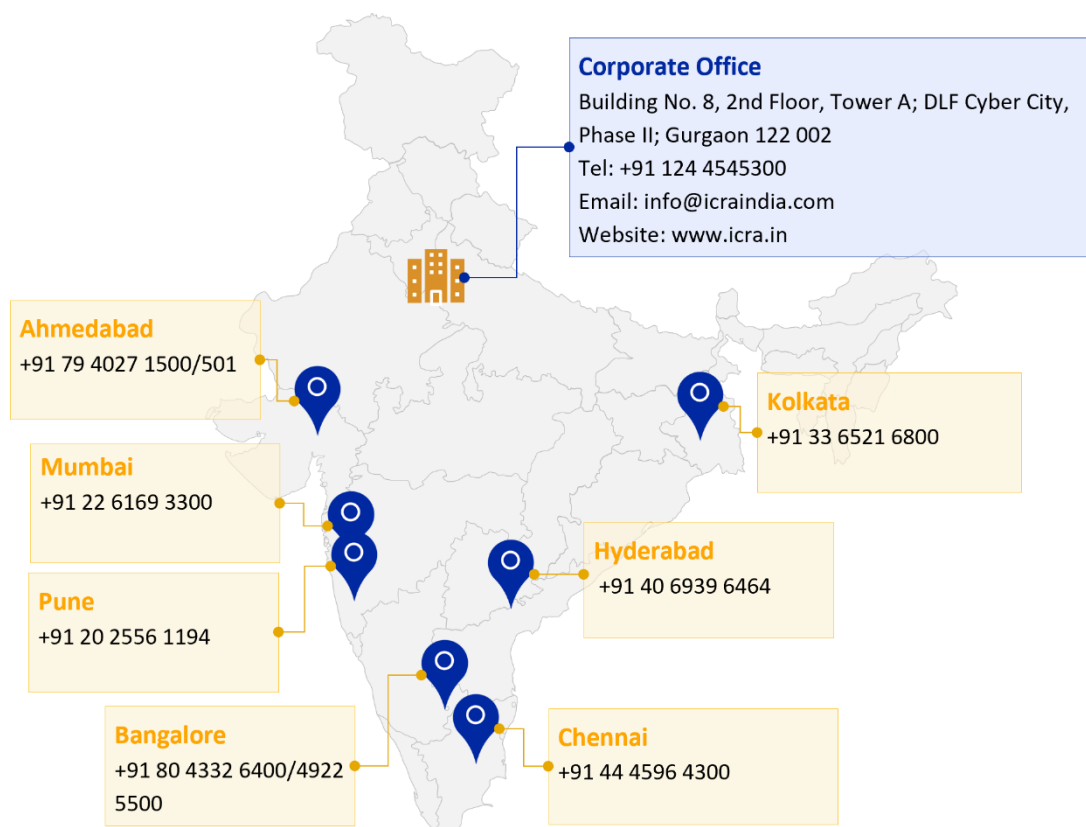
Registered Office

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.