



## Press Release

### Him Teknoforge Limited

**August 08, 2025**

#### **Ratings**

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	<a href="#">Complexity Indicator</a>
Long term Bank Facilities	200.03 (Includes Proposed amount of Rs. 30.00 Crore)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Rating re-affirmed	Simple
Short Term bank Facilities	28.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Rating re-affirmed	Simple
<b>Total</b>	<b>228.03</b>	<b>Rupees Two Hundred Twenty-Eight Crore and Three lakhs only.</b>			

**Details of Facilities/Instrument are in Annexure 1**

**Facility wise lender details are at Annexure 2**

**Detailed explanation of covenants is at Annexure 3**

#### **Detailed Rationale**

Infomerics Valuation and Rating Limited (IVR) has re-affirmed the long/Short Term rating to IVR Triple B Plus with a Stable outlook & IVR A2 for the bank loan facilities of Him Teknoforge Limited.

The reaffirmation in the rating assigned to the bank loan facilities of Him Teknoforge Ltd. (HTL) continues to derive comfort from its established track record of operations under experienced management and stable business performance in FY25(A) along with moderate debt protection metrics. The ratings also continue to consider its diversified product profile catering to various segment coupled with its reputed clientele base albeit customer concentration risk. However, these rating strengths continues to remain constrained by its elevated total debt leading to leveraged capital structure, susceptibility of profitability to volatility in raw material prices, working capital-intensive nature of its business, exposure to high competition and exposure to cyclicality in the automobile industry and weak performance of tractor segment which is the major revenue generator of the company.



## Press Release

The stable outlook indicates a low likelihood of rating change in the medium term. IVR believes that the Him Teknoforge Limited business & financials risk profile will be maintained over the over the medium term considering the overall risk profile of the company.

IVR has principally relied on the standalone audited financial results of HTL up to FY25(A) (Review Period from April 01, 2024 to March 31, 2025) and three years projected financials till FY28, and publicly available information/ clarifications provided by the company's management.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Substantial and sustained growth in operating income, operating margin and cash accrual.
- Improvement in working capital management with improvement in liquidity.
- Improvement in the capital structure with improvement in debt protection metrics on a sustained basis.
- Effective working capital management with improvement in operating cycle and liquidity.

#### **Downward Factors**

- Moderation in operating income and/or moderation in cash accrual impacting the debt protection metrics on a sustained basis.
- Stretch in the working capital cycle driven by stretch in receivables, or sizeable capital expenditure weakening the financial risk profile, particularly liquidity.
- Moderation in the capital structure with deterioration in overall gearing to more than 1.5x and deterioration in TOL/TNW to over 2x.
- Adverse decision by the honorable high court in the matter of IFCI Venture Fund pledge of shareholding of promoter.

### **List of Key Rating Drivers with Detailed Description**



## Press Release

### **Key Rating Strengths**

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

HTL was established in 1971 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 etc and to agricultural equipment & tractor manufacturers such as Sonalika Tractors. The company has clientele spread across the world with reputed clientele albeit customer concentration.

#### **Marginal Improvement in business performance in FY25(A)**

The total operating income (TOI) of the company has witnessed a marginal y-o-y growth of ~7.91% in FY25 as the topline has improved and stood at Rs. 402.97 crores against Rs.373.42 crore in FY24 on the back of higher sales volume and increase in sales realisation. Backed by rise in TOI, the absolute EBITDA has improved from Rs.34.42 crore in FY24 to Rs.37.98 crore in FY25. EBITDA margin through slightly improved owing to better absorption of overhead cost, continues to remain healthy at 9.43% in FY25 against 9.22% in FY24. The PAT margin of the company though remained thin over the years mainly due to its high depreciation expenses and leveraged capital structure leading to higher interest outgo though has improved to 2.40% in FY25 over 1.89% in FY24. Further, gross cash accruals of the company have improved and remained comfortable at Rs.20.31 crore in FY25 against Rs.19.00 crore in FY24 to support its debt obligations.

#### **Diversified product profile catering to various segment types**

HTL is engaged in the business of manufacturing of various types of axles, shafts & gears which diversify its product profile. These products find application in various automotive segments viz. tractors, commercial vehicles, and off-road vehicles.

#### **Comfortable Debt Protection Metrics**

Debt protection parameters of the company remained adequate over the years driven by its healthy operating profit and comfortable gross cash accruals. The interest coverage ratio remained satisfactory



## Press Release

at 2.05x in FY25 driven by improved EBITDA despite increase in finance cost. Owing to increase in debt level in FY25, Total Debt to EBITDA and Total Debt to GCA both marginally improved and continues to remain comfortable at 3.96x and 7.40 years respectively as on March 31, 2025, against 4.34x and 7.87x respectively as on March 31, 2024.

### **Key Rating Weaknesses**

#### **Revenue concentration risk**

The company is exposed to revenue concentration risk as its top 5 customers accounted for ~58.90% of the total operating income in FY25. On the other hand, the company derived (~45-50% from Tractor/ Agricultural Implements, ~20-25% from Commercial Vehicle, ~15-20% from Export and Balance from replacement market and scrap) of its revenue. However, the customer concentration risk is mitigated to some extent as the major revenue contributors of the company are well established players in the automobile industry and tractor industry in India has relatively stable demand. Furthermore, HTL has established relationships with its clients and receives regular orders from them.

#### **High competition and cyclicity in the tractor/construction equipment segment**

The automobile component industry is cyclical in nature and automotive component suppliers' sales and tractors' segment sales are directly linked to sales of auto OEMs and economic movements. Furthermore, the auto-ancillary industry is competitive with the presence of a large number of players in the organized as well as unorganized sector. While the organized segment primarily caters to the OEM segment, the unorganized segment mainly caters to the replacement market and to tier II and III suppliers. However, established position of the HTL and strong relationship with the OEMS given a competitive advantage.

#### **Working capital intensive nature of operations**

Being in auto ancillary industry, the operations of HTL are working capital intensive mainly due to its high receivables and large inventory holding requirements. HTL extends credit of



## Press Release

around 50-60 days to its customers and maintained average inventory of around 5-6 months, while credit received has been around 30-50 days. Reliance on working capital borrowings has, therefore, been moderate with ~88.56% working capital limit utilisation in the past 12 months ended May 2025.

### **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. 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.

**Analytical Approach:** Standalone

**Applicable Criteria :**

[Rating Methodology for Manufacturing entities](#)  
[Financial Ratios & Interpretation Non- Financial Sector](#)  
[Criteria for assigning rating outlook](#)  
[Policy on Default Recognition](#)  
[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The liquidity of the company is expected to remain adequate on the back of its expected adequate cash accruals. In FY25, HTL had generated gross cash accrual of Rs.20.31 Cr against





## Press Release

its debt repayment obligation of Rs.19.13 crore. Further, HTL is also expected to generate steady cash accrual over the near medium term against its repayment obligation in the range of ~Rs.19.13-18.26 crore during FY26-FY28. Moreover, the average utilisation of its cash credit limit remained moderate at ~88.56% in the past 12 months ended May 2025 indicating a moderate liquidity buffer. However, due to its leveraged capital structure the company is having a limited gearing headroom.

### **About the Company**

Him Teknoforge Limited, formerly known as Gujarat Automotive Gears Limited, is a leading Indian manufacturer of precision-forged and machined components catering to the automotive, agriculture, defense, and industrial sectors. Established in 1981 with its first production unit in Baddi, Himachal Pradesh, the company has since grown to operate multiple state-of-the-art manufacturing facilities in Himachal Pradesh, Gujarat, Madhya Pradesh, and Haryana. Him Teknoforge specializes in producing gears, shafts, axles, spider kits, PTO assemblies, and other critical components used in tractors, commercial vehicles, electric vehicles (EVs), and railways.

The company is ISO 9001:2015 and IATF 16949:2016 certified, with robust in-house capabilities ranging from raw material procurement to heat treatment, machining, and rigorous quality testing. Its Manpura plant alone delivers approximately 1,700 metric tons of forgings per month using warm and precision forging technologies. Him Teknoforge supplies major domestic OEMs such as Mahindra & Mahindra and Ashok Leyland, while also exporting to over 20 countries including the USA, UK, Germany, Southeast Asia, and the Middle East.

### **Financials (Standalone):**

	<b>(Rs. crore)</b>	
<b>For the year ended* As on</b>	<b>31-03-2024</b>	<b>31-03-2025</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	373.42	402.97
EBITDA	34.42	37.98
PAT	7.12	9.78



## Press Release

For the year ended* As on	31-03-2024	31-03-2025
Total Debt	149.48	150.31
Tangible Net worth*	174.71	216.57
EBITDA Margin (%)	9.22	9.43
PAT Margin (%)	1.89	2.40
Overall Gearing Ratio (x)	0.86	0.69
ISCR (x)	1.97	2.05

\*as per Infomerics standards

**Status of non-cooperation with previous CRA :** Nil

**Any other information:** : Nil

**Rating History for last three years:**

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 Dated : July 15, 2024	Date(s) & Rating(s) assigned in 2023-24 Dated: May 19, 2023	Date(s) & Rating(s) assigned in 2022-23 Dated: June 28, 2022
1	Term Loan	Long Term	70.03	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	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	130.00	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)
3	Letter of Credit/ Bank Guarantee	Short Term	25.00	IVR A2 (IVR Single A Two)	IVR A2 (IVR Single A Two)	IVR A2 (IVR Single A Two)	IVR A2 (IVR Single A Two)
4	CEL	Short Term	3.00	IVR A2 (IVR Single A Two)	IVR A2 (IVR Single A Two)	IVR A2 (IVR Single A Two)	IVR A2 (IVR Single A Two)

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## Press Release

### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com)

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook





## Press Release

Long Term Bank Facilities – Term Loan			Up to Feb 2032	70.03	IVR BBB+/Stable (IVR Triple B Plus with Stable outlook)
Long Term Bank Facilities – Cash Credit			-	130.00	IVR BBB+/Stable (IVR Triple B Plus with Stable outlook)
Short Term Bank Facilities – Bank Guarantee/Letter of Credit			-	25.00	IVR A2 (IVR Single A Two)
Short Term Bank Facilities - CEL			-	3.00	IVR A2 (IVR Single A Two)

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-Him-Teknoforge-aug25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated analysis:** 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](http://www.infomerics.com)