



**Press Release**  
**HINDUSTAN FIBRE GLASS WORKS PRIVATE LIMITED (ERSTWHILE HINDUST/**  
**GLASS WORKS)**  
**April 08, 2025**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	53.00	ACUITE BB   Stable   Upgraded	-
Bank Loan Ratings	39.00	-	ACUITE A4+   Upgraded
Total Outstanding Quantum (Rs. Cr)	92.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded its long-term rating to 'ACUITE BB' (read as ACUITE double Bf) from 'ACUITE C' (read as ACUITE C) and its short-term rating to 'ACUITE A4+' (read as ACUITE A four plusf) from 'ACUITE A4' (read as ACUITE A four) on the Rs. 92 crore bank facilities of Hindustan Fibre Glass Works Private Limited (Erstwhile Hindustan Fibre Glass Works) (HFGWPL). The Outlook is 'Stable'.

**Rationale for upgrade**

The rating upgrade reflects curing of the earlier delays of property loans/LAP (Loan against property) loans and GECL (Guaranteed Emergency Credit Line) loans, post May 2024. Furthermore, although operating income has moderated, operating margins have improved. Additionally, unexecuted order book position as of January 2025 of ~ Rs.485 Cr. provides revenue visibility in the medium term. However, the company's financial risk profile is moderate owing to high amount of debt taken to fund stretched working capital cycle. Debt in the form of overdraft facilities and ad hoc limits have been infused owing to higher demand, which has weakened the debt protection metrics. The company also faces customer concentration risk as the major customer is Indian Railways. Acuite believes that with improvement in the demand of fibre glass products, reduction in raw material prices and boost in railway sector due to budget allocation, the company is likely to improve its business and financial risk profile.

**About the Company**

Hindustan Fibre Glass Works Private Limited (HFGWPL) was founded in 1984 as a partnership firm by Mr. Govindbhai Patel and Mr. Shankar Patel at Kolkata. Further, the company has changed its constitution to private limited company with effect from 1st April 2022 and changed its name to the current name. The company is engaged in interior furnishing work for railway coaches. The company manufactures all types of fibre-reinforced polymer (FRP) products such as paneling, gear case, door paneling, modular toilet and partition frames, seats and components, and driver's cabin, among others which are fitted to railway coaches. The company, being an approved vendor, participates in tenders floated by various railway departments.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of HFGWPL to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Experienced management

The company was established in 1984 by Mr. Shanker Patel and Mr. Ashish Patel with their first unit in Kolkata that manufactures railway windows and frames for the Indian Railway. The company started its second unit in Vadodara in 1998. The second unit is engaged in interior furnishing of railway coaches. The promoters have more than three decades of experience in this industry which have enabled them to establish comfortable relationships with their key suppliers and various railway departments. The Company has a present order book of RS. 485 Cr. as on January 2025, which provides it revenue visibility over the medium term.

#### Moderate Financial Risk Profile

The tangible net worth of the company stood at Rs.69.86 Cr. as on March 31, 2024 as compared to Rs.62.45 Cr. as on March 31, 2023 due to accretion to reserves. The gearing of the company stood modest at 1.7 times as on 31 March 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 3.26 times as on March 31, 2024 as compared to 3.11 times as on March 31, 2023. The debt protection metrics of the company remain comfortable marked by Interest coverage ratio (ICR) of 2.49 times and debt service coverage ratio (DSCR) of 2.03 times for FY2024. Acuite believes that the financial risk profile of the Company is likely to remain at similar levels in the absence of any debt funded capex plans.

### Weaknesses

#### Intensive working capital cycle

The working capital cycle of the company has stretched compared to FY23. The company has high Gross Current Assets (GCA) Days of 228 days for FY2024 compared to 169 days in FY2023. Many orders could not be executed by the management due to non-allotment of coaches by Indian Railways. Usually, the gestation period for the orders is 6-18 months. Higher GCA days are due to other current assets in the form of advance given to suppliers, increase in inventories and debtors on a year-end basis. The inventory days of the Company stood at 87 days in FY2024 as compared to 32 days in FY2023, majorly due to year end higher inventories. Acuite believes the same is likely to reduce owing to efficient execution of orders. The debtor days stood at 130 days in FY2024 against 88 days in FY2023. The company generally receives payments within 60-75 days from raising the bill, there is higher billing during the last quarter which results in higher debtor outstanding as on year end. Days payable outstanding stood at 116 days against 84 days in FY2023 due to stretched payment terms from suppliers owing to goodwill.

#### Reduction in operating income in FY2024

Revenues declined in FY24 to Rs.310.85 Cr. from Rs.371.45 Cr. in FY23, with decline in PAT margins to 2.39 % (FY 2.65%) due to higher interest cost. Post COVID most of the earlier tenders were cancelled by the government due to considerable rise in all commodity rates and the government was slow in bringing out tenders for the railways sector specially with regards to interiors and refurbishment of coaches. These tenders were floated in high numbers beginning FY 24 and most of the tenders were getting allocated from Sept 2023, but due to the Lok Sabha elections the company was not able to realise the bills raised on a timely basis. As a result of the same the topline has come down in FY 24. However, margins were higher owing to execution of higher margin orders and lower administrative and selling expenses, as their sales were lower as a result travelling charges, coolie and carting expenses were lower.

### Rating Sensitivities

- Movement in profit margins and operating revenues
- Working capital cycle
- Influx of orders and timely execution of the same.

### Liquidity Position

#### Stretched

The company has stretched liquidity marked by declining net cash accruals of Rs. 12.15 Cr. as on March 31, 2024 (FY Rs.15.82crs). Reduction is majorly due to an increase in interest costs primarily because the company had to avail additional borrowings in the form of ad hoc limit of Rs. 15 Cr between Jan 24 to May 2024 and avail OD limits against FDs. However, debt obligations were about Rs. 0.09 Cr in FY2024. The current ratio of the Company stood below unity at 0.91 times in FY2024. The cash and bank balance stood at Rs.1.22 Cr. for FY2023. Fixed deposits of ~Rs.44 Cr. have been used to take overdraft facility to fund increased demand. Acuite believes that the liquidity of the Company is likely to improve over the medium term on account of expected comfortable cash

accruals against long debt repayments over the medium term.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	310.85	371.45
PAT	Rs. Cr.	7.44	9.86
PAT Margin	(%)	2.39	2.65
Total Debt/Tangible Net Worth	Times	1.70	1.55
PBDIT/Interest	Times	2.49	3.60

**Status of non-cooperation with previous CRA (if applicable)**

Not applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

Not applicable

**Any other information**

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Aug 2024	Bank Guarantee (BLR)	Short Term	39.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Covid Emergency Line.	Long Term	1.82	ACUITE C (Downgraded from ACUITE BB+)
	Proposed Long Term Bank Facility	Long Term	1.18	ACUITE C (Downgraded from ACUITE BB+)
	Cash Credit	Long Term	50.00	ACUITE C (Downgraded from ACUITE BB+)
28 Jun 2024	Bank Guarantee (BLR)	Short Term	39.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Cash Credit	Long Term	50.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Negative)
	Proposed Long Term Bank Facility	Long Term	3.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Negative)
03 Apr 2023	Bank Guarantee (BLR)	Short Term	8.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	31.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	14.00	ACUITE BBB-   Negative (Reaffirmed(Stable to Negative))
	Cash Credit	Long Term	36.00	ACUITE BBB-   Negative (Assigned)
	Proposed Long Term Bank Facility	Long Term	3.00	ACUITE BBB-   Negative (Reaffirmed(Stable to Negative))
04 Mar 2022	Bank Guarantee/Letter of Guarantee	Short Term	7.00	ACUITE A3 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	1.12	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.88	ACUITE BBB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	39.00	Simple	ACUITE A4+   Upgraded ( from ACUITE A4 )
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE C )
Indian Bank	Not avl. / Not appl.	Covid Emergency Line.	01 Dec 2021	Not avl. / Not appl.	01 Dec 2026	1.43	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE C )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.57	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE C )

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Dibyendu Roy Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

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