

Hi-Green Carbon Limited

March 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.52	CARE B+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Hi-Green Carbon Limited (HGCL) to monitor the ratings vide e-mail communications dated March 05, 2025, March 04, 2025, February 28, 2025, February 25, 2025, February 18, 2025, and numerous phone calls. However, despite repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the ratings on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on HGCL's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The rating assigned to the bank facilities of HGCL continues to remain constrained on account of non-availability of requisite information. The rating takes into consideration stretched liquidity, geographical concentration risk and presence in a regulated rubber recycling industry. However, the rating derives strength from experienced promoters having established track record of operations. The rating also factors in company's healthy operating performance during FY24 (Audited; period refers from April 01 to March 31) and H1FY25 (Unaudited; period refers from April 01 to September 30) along with comfortable capital structure and debt coverage metrics.

Analytical approach: Standalone

Outlook: Stable

Stable Outlook reflects that the rated entity will be able to sustain its operational performance as exhibited by total operating income (TOI) and strong profitability margins.

Detailed description of key rating drivers:

At the time of last rating on March 06, 2024, the following were the rating strengths and weaknesses considered as updated with available information.

Key weaknesses

History of delays in debt servicing

There were instances of overdrawing in working capital limits for 1-2 days on account of interest charged during April 2023 and December 2023 end. Further, there were instances of penal interest in Term loan statement which were charged during June/August 2023 as auto-debit mandate had been non-operative on account of delay in renewal of sanctioned facilities. However, auto-mandate facility had been operative since renewal of sanctioned facility in September 2023. Also, liquidity is improved owing to receipt of proceeds from IPO as well as better operational performance.

Project implementation and stabilization risk owing to on-going capex

HGCL was under-going a capacity expansion project at an estimated cost of Rs.40.41 crore and expected commencement from May/June 2024. The proposed plant is in Dhule, Maharashtra with installed capacity of recycling 100MT of waste tyres/day. The project was commissioned in November 2024 with total cost of Rs.49.11 crores reflecting cost and time overrun. Hence, project implementation risk is mitigated however, there exists project stabilization risk.

Geographical concentration risk

HGCL is operating from its recycling plant located at Bhilwara, Rajasthan where ~80% of the domestic revenue of the company is concentrated in FY23. Furthermore, ~96% of the revenue came from the domestic market whereas balance 4% from exports. Hence, HGCL is exposed to geographical concentration risk. However, commencement of other manufacturing unit in Maharashtra which caters demands from Maharashtra and nearby states will reduce geographical concentration risk.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Presence in a regulated industry

As HGCL is engaged in waste tyre recycling process, the industry is regulated for the stringent pollution control norms from The Central Pollution Control Board (CPCB), State Pollution Control Board (SPCB) as well as Ministry of Environment, Forest and Climate Change (MoEFCC). The said boards have implemented various regulations and guidelines related to waste management and environmentally sound disposal. However, HGCL has been certified with Environmental Management Measures with ISO 14001:2015, Occupational Health & Safety Management standards with ISO 45001:2018, Quality Management Standards with ISO 9001:2015, Good Manufacturing Practice (GMP) and RoHS. HGCL's certifications, necessary approvals and licenses adheres to the said guidelines.

Key strengths

Experienced promoters having established track record of operations

Mr. Amitkumar Bhalodi, MD cum CFO, is a key promoter of HGCL, looks after commercial activities, sales, purchase, marketing & finance of the company. He is having more than 15 years of experience in this field. Mr. Shailesh Kumar Makadia, Chairman and promoter of HGCL is having almost 2 decades of experience in waste recycling process and looks after technical research and development of the company. Mr. Nirmalkumar Sutaria, WTD and promoter is having more than 11 Years of experience of Waste Recycling and Recovering Carbon Black. He manages factory operations and production department of the company. The promoters are also supported by a team of experienced and trained employees.

Healthy operating performance during FY24 and H1FY25

During FY24, TOI remained at Rs.70.26 crore against Rs.77.96 crore in FY23. During H1FY25, TOI remained at Rs.36.09 crore. Profitability marked by PBILDT margin remained at 25.48% in FY24 from 25.7% in FY23. In H1FY25, operating margins remained at 19.61%.

Comfortable capital structure and debt coverage metrics

Capital structure remained comfortable as marked by overall gearing at 0.32x as on March 31, 2024, vis-à-vis 0.56x as on March 31, 2023. Overall gearing remained at 0.34x as on September 30, 2024. Debt coverage indicators remained strong as exhibited by comfortable interest coverage ratio of 15.36x during FY24 vis-à-vis 16.01x in FY23. Total debt to GCA remained at 1.82 years as on March 31, 2024, as against 0.75 years as on March 31, 2023.

Liquidity: Stretched

Liquidity of HGCL remained stretched on account of higher utilisation of its working capital limits as well as elongated operating cycle. During the past twelve months ended January 2024, HGCL had utilised ~75-80% of its working capital limits. Operating cycle remained at 103 days during FY24 against 66 days in FY23. Cashflow from operations remained negative at Rs.26.13 crore for FY24.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Carbon Black

HGCL was formally incorporated as Shantol Green Hydrocarbons (India) Private Limited during 2011 by Mr. Amitkumar Bhalodi, Mrs. Dakshaben Makadia and Mrs. Binaben Makadia. Subsequently, RNG Finlease Pvt. Ltd. (RNG) acquired control of HGCL during 2012-2017. Later, Mr. Amitkumar Bhalodi, Dr. Shaileshkumar Makadia, Mrs. Krupa Dethariya, Mrs. Radhika Bhalodi, Mrs. Shiryakumari Makadia, and Mr. Koosh Dethariya acquired combined 28.42% from RNG in 2022. Further, during September 2023, HGCL came up with Initial public offer to raise ~Rs. 52.8 crore and got its shares listed on NSE SME (NSE Emerge) platform. HGCL is engaged in the business of waste tyres recycling. Main products of HGCL are Recovered Carbon Black (RCB), Steel Wires, Fuel Oil and Synthesis Gas which are produced from pyrolysis process on end-of-life tyres (ELTs). HGCL further processes synthesis gas to manufacture Sodium silicate (Raw glass). RCB has been used as a reinforcing agent in tyres, also acting as a pigmenting, UV stabilizing and conducive agent in products such as plastics, printing inks, coatings, etc. Fuel Oil also known as bio-oil used in industrial applications like boilers, furnaces, kilns, hot water generators, etc. Sodium silicate is used in soap detergent and in the manufacturing of silica gel. Company's production facility is located at Bhilwara, Rajasthan with an installed capacity of recycling

of 100 MT waste tyres/day and 60 MT/day of sodium silicate production. It's second unit commenced operations from November 2024 in Maharashtra.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	77.96	70.26	36.09
PBILDT	20.05	17.90	7.08
PAT	12.35	10.28	5.31
Overall gearing (times)	0.56	0.32	0.34
Interest coverage (times)	16.01	15.36	15.73

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	28-06-2025	0.52	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (06-Mar-24)	-	-
2	Fund-based - LT-Term Loan	LT	0.52	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (06-Mar-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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