

Hind Plastic Industries

March 21, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|---------------------|---|---|
| Long Term Bank Facilities | 22.60 | CARE BB-; Stable; ISSUER NOT COOPERATING* | Rating moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 20.00 | CARE A4; 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 Limited (CARE Ratings) has been seeking information from Hind Plastic Industries (HPI) to monitor the rating(s) vide e-mail communications dated March 19, 2025; March 04, 2025; February 28, 2025; February 25, 2025; and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. Further, the firm has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings has reviewed the ratings on the basis of the best available information which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings of HPI bank facilities will now be denoted as CARE BB-; Stable/ CARE A4; 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(s).

The ratings assigned to the bank facilities of HPI are constrained by modest scale of operations with low profitability margins, leveraged capital structure and weak debt service coverage indicators. The ratings are further constrained on account of highly competitive and fragmented industry coupled with working capital-intensive nature of operations. The ratings, however, derives strength from experienced promoters and long track record of operations.

Analytical approach: Standalone

Outlook: Stable

"Stable" outlook reflects CARE Ratings opinion that the firm is likely to maintain the existing operating and financial risk profile over the medium term.

Detailed description of key rating drivers:

At the time of last rating on March 07, 2024, the following were the rating strengths and weaknesses (updated based on information available from the firm).

Key weaknesses

Modest scale of operations with low profit margins

The operational performance of the firm moderated by 38.70% to ₹97.45 crore in FY24 compared to ₹158.81 crore in FY23, mainly on account of reducing sales of plastic dana & moderation in sales price of poly vinyl chloride (PVC) Resin. Further, the profitability margins as marked by PBILDT and PAT margin stood at 3.60% and 1.09%, respectively, during FY24 (PY: 1.97% and 0.36%, respectively).

Leveraged capital structure and weak debt service coverage indicators

The capital structure of the firm witnessed improvement as marked by overall gearing of 2.83x as on March 31, 2024 (PY: 4.18x). Further, interest coverage ratio stood at 1.13x as on March 31, 2024 (PY: 1.02x). Debt profile of the firm consist of term loan of ₹1.61 crore, outstanding fund based working capital limit of ₹19.86 crore, unsecured promoter loans of ₹1.96 crore and LC acceptances of ₹20.27 crore.

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

Working capital intensive nature of operation

The operating cycle of the firm moderated to 62 days as on March 31, 2024 (PY: 39 days) mainly due to increase in collection period of 126 days as on March 31, 2024 (PY: 69 days). Although, majority of receivables (~95%) pertains to lesser than 90 days only. The working capital limit utilization remained at 80-90%.

Highly competitive and fragmented industry

HPI operates in a highly competitive and fragmented market which consists of large to small size players. This competitive and fragmented nature of the industry can have an impact on the profitability margin of the firm. Low entry barriers and a price sensitive end user has led to unorganized sector capturing some share in the market. The profitability margin of the firm which are already on the lower side comes under pressure given this competitive nature of operations.

Key strengths

Experienced promoters and long track record of operations

The partners of the firm i.e. Amit Goyal and Kavita Goyal both hold an experience of more than 3 decades in the plastic industry. Over the years of track record of operations, HPI has developed strong association with the suppliers as well as customers which has resulted in garnering repetitive orders.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|----------|--------------------------------|------------------------|
| Services | Services | Commercial Services & Supplies | Trading & Distributors |

HPI was incorporated in year 1988 as partnership firm by Late Ramesh Goyal. The firm is currently being managed by Amit Goyal and Kavita Goyal. The firm is engaged in the business of trading of PVC resins & plastic granules. The firm majorly trades in domestic market only. HPI mainly sells its products domestically across Punjab. Warehouse & registered office of the firm is situated at Sangrur Road, Dhuri (Punjab).

| Brief Financials (₹ crore) | March 31, 2022 (A) | March 31, 2023 (A) | March 31, 2024 (A) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income | 176.38 | 158.81 | 97.45 |
| PBILDT | 2.33 | 3.13 | 3.51 |
| PAT | 0.56 | 0.58 | 1.06 |
| Overall gearing (times) | 3.32 | 4.18 | 2.83 |
| Interest coverage (times) | 1.13 | 1.02 | 1.13 |

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

Status of non-cooperation with previous CRA: Brickwork has the ratings assigned to the bank facilities of HPI into 'Issuer not-cooperating' category vide press release dated August 02, 2024, on account of non-availability of requisite information from the company.

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 | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|--------------------------------------|------|------------------|-----------------|---------------|-----------------------------|---|
| Fund-based - LT-Cash Credit | - | - | - | - | 21.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Term Loan | - | - | - | 31-03-2027 | 1.60 | CARE BB-; Stable; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Letter of credit | - | - | - | - | 20.00 | CARE A4; 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 | 21.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* | - | 1)CARE BB-; Stable (07-Mar-24) 2)CARE B-; Stable; ISSUER NOT COOPERATING* (09-May-23) | 1)CARE B; Stable; ISSUER NOT COOPERATING* (18-May-22) | - |
| 2 | Non-fund-based - ST-Letter of credit | ST | 20.00 | CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE A4 (07-Mar-24) 2)CARE A4; ISSUER NOT COOPERATING* (09-May-23) | 1)CARE A4; ISSUER NOT COOPERATING* (18-May-22) | - |
| 3 | Fund-based - LT-Term Loan | LT | 1.60 | CARE BB-; Stable; ISSUER NOT COOPERATING* | - | 1)CARE BB-; Stable (07-Mar-24) | - | - |

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

LT: Long term; ST: Short 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 |
| 3 | Non-fund-based - ST-Letter of credit | Simple |

Annexure-5: Lender details

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

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

Contact us

| | |
|---|---|
| Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22 6754 3444 E-mail: Ankur.sachdeva@careedge.in | Analytical Contacts Puneet Kansal Director CARE Ratings Limited Phone: +91-120-4452000 E-mail: puneet.kansal@careedge.in Rajan Sukhija Assistant Director CARE Ratings Limited Phone: +91-120-4452000 E-mail: Rajan.Sukhija@careedge.in Srishti Jain Rating Analyst CARE Ratings Limited E-mail: Srishti.jain@careedge.in |
|---|---|

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For detailed Rationale Report and subscription information, please visit www.careedge.in