

Hindusthan Urban Infrastructure Limited

June 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	48.98	CARE BB (RWD)	Placed on Rating Watch with Developing Implications
Long Term / Short Term Bank Facilities	32.01	CARE BB / CARE A4 (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has placed the ratings assigned to bank facilities of Hindusthan Urban Infrastructure Limited (HUIL) on 'Rating watch with Developing Implications' on account of sale of shares of Hindusthan Speciality Chemicals Limited (HSCL), a material subsidiary of company.

On June 12, 2025, HUIL announced sale of its entire stake (i.e. 58.50%) in Hindusthan Speciality Chemicals Limited (HSCL), a material subsidiary of company, subject to necessary approvals from various stakeholders. As per the announcement, for the proposed sale, company will enter into share purchase agreement with M/s. DCM Shriram Limited (i.e. buyer, to be acquired either by themselves and/or through their affiliates) for an aggregate consideration of Rs.219.38 crore, including adjustment of term debt. This transaction is expected to be completed by August 31, 2025.

This proposed sale of shares of HSCL forms part of a broader strategic review undertaken by the company's board with the objective of realigning its investments and optimizing the long-term value for stakeholders. Upon completion of the transaction, HSCL will cease to be a subsidiary of the Company. CARE Ratings (CareEdge Ratings) would await further developments and clarity pertaining to exact proceeds received by HUIL for this transaction and shall take a view on the ratings once the impact of the same on the standalone credit profile of HUIL is clear.

Ratings continue to remain constrained on account of its PAT level losses, weak return indicators and weak debt coverage indicators in last three years ended FY25 (refers to the period April 1 to March 31); along with its stretched liquidity. The ratings are further constrained by vulnerability of its profitability to volatile input prices and foreign exchange fluctuation and its presence in an intensely competitive and fragmented insulator and speciality chemicals industry.

The ratings however derive strength from its experienced promoters, long track record of the company with established relationship with its reputed clientele base and moderate scale of operations. The ratings also factor in need-based support from promoter group entities and the company's moderate capital structure. Additionally, it also take note of the successful sale of its discontinued conductor plant at Khurda and the proceeds received from the sale, which have supported the company's stretched liquidity position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in consolidated total operating income (TOI) beyond Rs.650 crore on sustained basis.
- Improvement in profitability with PBILDT margin of 10% & above along with improvement in ROCE to above 9% on a sustained basis
- Improvement in total debt/GCA to less than 10x, on sustained basis
- Improvement in operating cycle resulting into reduced reliance on external borrowings

Negative factors

- Decline in consolidated TOI below Rs.500 crore or further moderation in profitability
- Deterioration in overall gearing beyond 1.5x on sustained basis
- Elongation in operating cycle to beyond 150 days and simultaneous increase in external borrowings to fund these requirements
- Discontinuance of funding support from promoters

Analytical approach: Consolidated

For arriving at the ratings of HUIL, CARE has taken a consolidated approach of HUIL and its subsidiary namely Hindusthan Speciality Chemicals Ltd (HSCL). HUIL holds 58.50% equity stake in HSCL as on March 31, 2025 and also has extended an

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

unconditional and irrevocable corporate guarantee for the bank facilities of HSCL. Also, both the companies belong to the same group i.e Hindusthan Group and share common management.

Outlook: Not applicable

Detailed description of the key rating drivers:

Key weaknesses

Continued losses at PAT level in last three years ended FY25: Profitability of HUIL on consolidated basis has deteriorated over past three years ended FY25 owing to continued losses in subsidiary i.e HSCL. HSCL has reported cumulative cash losses of Rs.114 crore in last three years ended FY25. Also, HUIL on standalone level has reported loss of Rs.15 crore at operating level on account of bad debt write off of Rs.22 crore during FY25, resulting into some losses at net level even after adjusting for exceptional profit of Rs.37.49 crore from sale of conductor division and exceptional loss of Rs.11.49 crore from sale of coal fire gas plant of insulator division.

Consequently, at Consolidated level, company reported cumulative cash losses of Rs.113 crore in last three years ended FY25. However, these losses were funded by promoter group entities in form of infusion of unsecured loans.

Weak debt coverage indicators and low return indicators

On account of reported net losses over past four years ended FY25, debt coverage indicators of company at consolidated level stood weak along with negative return indicators i.e. Return on capital employed (ROCE) and Return on Net worth (RONW) in FY24.

Vulnerability of its profitability to volatile input prices and foreign exchange fluctuation

Profitability of the company remains susceptible to volatility in prices of key inputs (mainly petroleum, coal and metal etc.), depending upon its ability to pass on such a volatility to its customers.

Further, company's profitability is also exposed to foreign exchange fluctuations, however, company partially hedges its forex exposure through derivative contracts.

Key strengths

Experienced promoters and management with need based support from group entities

HUIL is a part of 'The Hindusthan Group', founded in 1947 by late R. P. Mody, the founder chairman of the group. The group has PAN-India presence with business diversified across verticals such as engineering, chemicals, power and renewable energy, agriculture and education. Promoter group's longstanding presence in the industry has aided HSCL to establish relationship with reputed clientele base and diversify its product profile in a short span of time.

Company's key management has three to four decades of experience across diversified business segments. Presently, HUIL is being managed by Mr. Deepak Kejriwal (Managing Director of HUIL group), who is a member of The Institute of Chartered Accountants of India. He has been associated with the company since 1996 and has over 26 years of industrial experience. The management is further supported by a well qualified and an experienced senior management team.

Further, Promoters/promoter group entities have provided need-based support as and when required to support the operations and liquidity of HUIL.

Long track record of company with established relationship with its reputed clientele: HUIL has a long track record of over seven decades. HUIL on a standalone basis is engaged in manufacturing of HT insulators. Its subsidiary company, HSCL is engaged into manufacturing of Epoxy Resin (ER).

Over the years, HUIL has developed established relationship with its customer base. Conductor business segment has been discontinued due to segmental losses and high raw material (aluminium) price volatility. For the Insulator business, the company derives major revenue from Transmission & Distribution (T&D) companies in private sector.

Moderate scale of operations primarily driven by chemical business segment: HUIL at consolidated level has a diversified revenue profile with revenue from the sale of HT insulators and epoxy resin. The scale of operations of HUIL at consolidated level stood moderate at Rs.546 crore in FY25, improved marginally from Rs.521 crore reported in FY24. Income contribution from HSCL stood at 50% in FY25 (56% in FY24), remaining was contributed by Insulator division and some rentals from its erstwhile properties of conductor business of HUIL.

Moderate capital structure: Capital structure of the company on a consolidated basis stood moderate with overall gearing of 1.17x as on March 31, 2025 (1.36x as on March 31, 2024), improvement in gearing vis-à-vis previous year is owing to prepayment of term debt of ~Rs.40 crore, funded out of proceeds from sale of conductor plant at Khurda. Consolidated Networth of the

company stood at Rs.308 crore at FY25 end. Going forward, capital structure of company is expected to improve backed by company's plans to reduce overall debt exposure out of proceeds from sale of shares in material subsidiary i.e. HSCL.

Liquidity: Stretched

The liquidity of HUIL is stretched marked by high limit utilization and cash losses registered in last three years ended FY25 necessitating infusion of funds by promoter/promoter group entities. Working capital requirement continues to be high because of sizable credit period which needs to be offered to reputed client along with sizable inventory holding. This coupled with high receivables days resulted in operating cycle of 99 days as on March 31, 2025 (P.Y:118 days). However, Liquidity of the company is supported by need-based funding support from promoters through unsecured loans. At consolidated level, promoters/promoter group entities have infused unsecured loans of total ~Rs.73 crore and ~Rs.49 crore in FY24 and FY25 respectively.

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

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

Incorporated in 1959, HUIL (CIN: L31300DL1959PLC003141) was established by the name of 'The Indian Aluminium Cables Limited' and was later renamed to 'Hindusthan Vidyut Products Limited' before being renamed to its current name. The company is part of the Hindusthan Group which is promoted by Mr Rajendra Prasad Mody and family. Company is engaged into manufacturing of HT insulators (mainly Disc, Bushing and Solid Core types of insulators) at its manufacturing facility at Mandideep (Madhya Pradesh) with annual installed capacity of 15,400 MT as on March 31, 2025. The company was into manufacturing of the bare overhead conductors, operations of which have been discontinued since Q4FY23.

HUIL's subsidiary viz. Hindusthan Speciality Chemicals Limited (HSCL) was incorporated on July 11, 2003, by the name of Bharat Electric and Industries Limited and was subsequently renamed to its current name on September 11, 2013. HSCL is engaged into manufacturing of Epoxy Resin (ER) at its manufacturing facility at GIDC Industrial Estate of Jhagadia near Ankaleshwar, Gujarat with installed capacity of 17,400 MT.

Brief Financials- Consolidated (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	577.56	520.87	546.02
PBILDT	(26.87)	2.15	-23.94
PAT	(58.07)	-35.79	-30.26
Overall gearing (times)	1.11	1.36	1.17
Interest coverage (times)	NM	0.05	NM

A: Audited NM: Not Meaningful; Note: these are latest available financial results, overall gearing for FY25 is excluding acceptances.

Brief Financials- Standalone (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	215.17	233.65	272.79
PBILDT	(3.03)	12.97	(14.87)
PAT	(10.58)	(2.94)	(1.80)
Overall gearing (times)	0.50	0.46	0.30
Interest coverage (times)	NM	0.65	NM

A: Audited NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Brickwork has conducted the review based on best available information and has downgraded and continued the ratings in "Issuer Not cooperating" category vide its press release dated June 06, 2024, due to its inability to carry out a review in the absence of the company's requisite information.

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		-	-	-	36.75	CARE BB (RWD)
Fund-based - LT-Working capital Term Loan		-	-	May, 2028	12.23	CARE BB (RWD)
Non-fund-based - LT/ ST-BG/LC		-	-	-	32.01	CARE BB / CARE A4 (RWD)

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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	36.75	CARE BB (RWD)	-	1)CARE BB; Stable (05-Jul-24)	1)CARE BB; Stable (26-Apr-23)	-
2	Fund-based - LT-Working capital Term Loan	LT	12.23	CARE BB (RWD)	-	1)CARE BB; Stable (05-Jul-24)	1)CARE BB; Stable (26-Apr-23)	-
3	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (05-Jul-24)	1)CARE BB; Stable (26-Apr-23)	-
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	32.01	CARE BB / CARE	-	1)CARE BB; Stable / CARE A4	1)CARE BB; Stable / CARE A4	-

				A4 (RWD)		(05-Jul-24)	(26-Apr-23)	
5	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	-	-	-	1)Withdrawn (05-Jul-24)	1)CARE BB; Stable / CARE A4 (26-Apr-23)	-

LT: Long term; LT/ST: Long term/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-Working capital Term Loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Hindusthan Speciality Chemicals Limited	Full	58.50% subsidiary as on March 31, 2025, along with unconditional and irrevocable corporate guarantee extended by HUIL to HSCL

Note on complexity levels of rated instruments: CARE Ratings (CareEdge 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.

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