

Hindprakash Industries Limited

July 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1.61 (Reduced from 2.25)	CARE BB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	21.50	CARE BB+; Stable / CARE A4+	Reaffirmed
Short Term Bank Facilities	8.50	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Hindprakash Industries Limited (HIL) continue to remain constrained on account of its thin profitability margin, moderate capital structure, weak debt coverage indicators, stretched liquidity and susceptibility of profitability to volatile raw material prices.

The ratings, however, derive strength from HIL's experienced promoters with established track record of operations, moderate scale of operations and diversified customer base.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Healthy volume driven growth in scale of operations with total operating income (TOI) over Rs.250 crore and profit before interest, lease rentals, depreciation, and taxes (PBILDT) margin above 5% on sustained basis.
- Improvement in debt coverage indicators with PBILDT interest coverage above 4x and total debt to gross cash accruals (TD/GCA) below 6x.

Negative factors

- Substantial decline in scale of operations with TOI below Rs.75 crore along with moderation in cash accruals below Rs. 2 crores on sustained basis.
- Deterioration in capital structure with adjusted gearing above 1x along with moderation in debt coverage indicators on sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity will continue to benefit from its experienced promoters in the chemical industry.

Detailed description of key rating drivers:

Key weaknesses

Thin profitability margins

HIL operates with thin profitability marked by PBILDT margin ranging from 2.5 – 4% during last 3 years considering the low value addition process (blending and standardization). PBILDT margin of HIL declined by 136 bps in FY25 and stood at 2.59% as against 3.94% in FY24 on account of increase in employee costs and muted sales realization owing to a competitive landscape. HIL hired a retail marketing team for the adhesives division which has attributed to higher employee costs. However, the PAT margin improved from 1.54% in FY24 to 1.62% in FY25, supported by higher non-operating income in form of interest on loans advanced to related parties and profit from the sale of investments.

Moderate Capital structure and weak debt coverage indicators

The capital structure of HIL stood moderate marked by overall gearing of 0.65x (P.Y. 0.51x) on a modest net worth base of Rs. 51.67 crore. The deterioration in overall gearing was on account of avilment of working capital term loan of Rs.16.50 crore. While the adjusted overall gearing stood at 1.02x on account of adjusted net worth base of Rs.32.90 crore reduced for amount of investment made in affiliate companies as well as loans & advances given to related parties.

The debt profile of the company as on March 31, 2025, consists of working capital term loan of Rs.17.84 crore, working capital borrowings of Rs.12.31 crore and LC Backed acceptances of Rs.3.40 crore.

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

Debt coverage indicators stood weak, as marked by inadequate PBILDT interest coverage of 0.99x in FY25 (1.50x in FY24) and total debt to GCA of 16.76x in FY25(12.73x in FY24). Deterioration was on account of moderation in profitability along with increase in debt levels.

Susceptibility of profitability to volatile raw material prices

The basic raw materials for manufacturing of dyes are different types of chemicals (such as Benzene, Toulene, Xylene, Napthalene, M-Phenylenediamine, M-Amino Acetanilide HCL, 3-Amino 4-Methoxy Acetanilide, etc.) which are mainly derivatives of crude oil. Hence, the prices of its raw materials are directly correlated with crude oil prices which makes HIL's profitability susceptible to volatility in crude oil prices.

Key strengths

Experienced promoters with established track record of operations

HIL was incorporated in 2008 and is currently managed by 3rd generation of Mangal family i.e. Mr. Sanjay Prakash Mangal, Mr. Om Prakash Mangal along with other family members. The promoters are the part of Hindprakash group and have been involved in the chemical industry for more than two decades.

Moderate scale of operations

Scale of operations of HIL marked by its TOI remained stable over the past four years at around Rs.100 crore. The company is operating in highly competitive chemical industry with many organised and unorganised players. In FY25, HIL achieved TOI of Rs.101.82 crore.

CareEdge Ratings expects the TOI to improve going forward with the addition of adhesives manufacturing division, marketed under the brand name 'HindBond'. However, as adhesive industry is marked by high competition from large and organised players, successful scaling while maintaining profitability, shall remain crucial from rating perspective.

Diversified product profile and customer base

The company's product profile includes 150 products of Textile Auxiliaries, disperse dyes, reactive dyes & Green acids which find application mainly in the textile industry. The company has a pan India presence and supplies to a diversified as well as reputed customer base with the top 5 customers constituting around 15% (33% in FY24) of its total sales in FY25.

Liquidity: Stretched

Liquidity of HIL remained stretched marked by tightly matching envisaged gross cash accruals to gross loan repayments in the range of Rs.2.05-2.70 crore in FY26-FY28, high utilisation of its working capital limits and negative cash flow from operations (CFO). The average utilisation of its working capital limits remained at 95% for past 12 months ended April 2025. Further, cash flow from operations stood negative at Rs.4.53 crore in FY25 (positive Rs.3.36 crore in FY24) due to higher o/s receivables at year end. HIL's operating cycle is elongated and remained in the range of 125-137 days during last 3 years with high collection period with extended credit required to be offered to customers as well as inventory holding requirement due to commodity nature. HIL had free cash and bank balance of Rs.3.06 crore as on March 31, 2025, providing some cushion to liquidity of the company.

Applicable criteria

[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
Commodities	Chemicals	Chemicals & Petrochemicals	Dyes And Pigments

Ahmedabad (Gujarat) based Hindprakash Industries Limited (HIL) was incorporated in 2008 and is engaged in manufacturing (blending and standardization) and trading of dyes, intermediates, auxiliary and other chemicals. In FY25, HIL has also started a adhesive manufacturing division marketed under the brand name 'HindBond'.

The company is managed by Mr. Sanjay Prakash Mangal, Mr. Om Prakash Mangal and family, 3rd generation of promoter family. HIL is part of Hindprakash group, which is engaged in trading and manufacturing of chemical products. The manufacturing unit of the company is located in Vatva, Gujarat with a total installed capacity of 4000 MT per annum for manufacturing more than 150 products of textile auxiliaries, chemicals, dyes, intermediate, and pigments.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Pb)
Total operating income	99.50	101.82
PBILDT	3.93	2.63
PAT	1.53	1.64
Overall gearing (times)	0.51	0.65
Interest coverage (times)	1.50	0.99

A: Audited Pb: Abridged Published; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Brickwork has conducted the review on the basis of best available information and has classified HIL as "Non cooperating" vide its press release dated November 12, 2024.

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-Term Loan		-	-	31-10-2026	1.61	CARE BB+; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	21.50	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-ILC/FLC		-	-	-	8.50	CARE A4+

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/ST-Cash Credit	LT/ST	21.50	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (29-Jul-24)	-	-
2	Fund-based - LT-Term Loan	LT	1.61	CARE BB+; Stable	-	1)CARE BB+; Stable (29-Jul-24)	-	-
3	Non-fund-based - ST-ILC/FLC	ST	8.50	CARE A4+	-	1)CARE A4+ (29-Jul-24)	-	-

LT: Long term; ST: Short 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-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - ST-ILC/FLC	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 Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: +91-79-4026 5611 E-mail: kalpesh.patel@careedge.in Vipin Bardia Associate Director CARE Ratings Limited Phone: +91-79-4026 5671 E-mail: Vipin.bardia@careedge.in Rajat Jain Lead Analyst CARE Ratings Limited E-mail: Rajat.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 Reserve Bank of India. 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. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). 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. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge 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. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge 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. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**