

Hindustan Adhesives Limited

March 16, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	90.45 (Enhanced from 62.10)	CARE BBB; Stable	Reaffirmed and removed from Rating Watch with Negative Implications; Stable outlook assigned
Short-term bank facilities	14.55 (Reduced from 24.57)	CARE A3+	Reaffirmed and removed from Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) had earlier placed ratings of Hindustan Adhesives Limited (HAL) on "Rating Watch with Negative Implications" following the imposition of a 50% tariff by the United States (US), that had created uncertainties surrounding the sustainability of current export volumes, the extent of margin compression due to pricing renegotiations, and the evolving stance of US trade. HAL derives a significant portion of its revenue from exports, with the US being a key contributor, contributing ~35% of the total revenue in FY25 (refers to April 01 to March 31). The imposition of US tariff led to moderation in the scale of operations, with total operating income (TOI) declining to ₹197.93 crore in 9MFY26 from ₹221.05 crore in 9MFY25. However, profitability improved as reflected by profit before interest, lease rental, depreciation and taxation (PBILDT) margin of 14.83% in 9MFY26 compared to 10.82% in 9MFY25, supported by a greater focus on value-added and specialised tape products offering higher margins. To mitigate US tariff impact, HAL focused more on domestic sales and expanded operations in other geographies like Indonesia, France and Paraguay to diversify its business. Following an interim trade deal with the US in February 2026 and the U.S. Supreme Court verdict against US tariff of 50%, current tariff rate is reduced to 15% across the world. Due to the same, the company exports are expected to improve from April 2026 onwards. In view of these developments, CareEdge Ratings has removed the Rating Watch with Negative Implications and reaffirmed ratings of HAL.

Ratings assigned to bank facilities of HAL continues to derive strength from its experienced promoters, long operational track record, and established relationships with reputed clients in international market. Ratings also factor HAL's moderate financial risk profile and commissioning of two new manufacturing facilities in February 2026 has enhanced near-to-medium-term revenue visibility and operational diversification. However, ratings continue to remain constrained by project stabilisation risk and moderate scale of operations. Ratings also remain constrained due to intense industry competition and raw material price volatility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations beyond ₹400.00 crore and improvement in PBILDT margin above 13% on a sustained basis.
- Improvement in operating cycle below 70 days with improvement in liquidity position on a sustained basis.

Negative factors

- Decline in scale of operations below ₹200.00 crore with substantial decline in operating margin leading to stretched liquidity on a sustained basis.
- Deterioration in capital structure with total debt to gross cash accruals (TDGCA) above 5.00x on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has considered a consolidated approach of HAL and its subsidiaries considering common management, and operational and financial linkages among the companies. The list of consolidated entities has been mentioned in Annexure-6.

Outlook: Stable

The Stable Outlook reflects CareEdge Ratings' expectation that the company is likely to sustain its operating metrics and comfortable financial risk profile, going forward, with steady increase in the scale of operations and adequate liquidity position.

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

Detailed description of key rating drivers:**Key strengths****Experienced promoters**

HAL was established and promoted by Lalit Kumar Bagla in 1988 for manufacturing bi-axially oriented polypropylene (BOPP), self-adhesive tapes, and polyolefin shrink films. The company is currently managed by Madhusudan Bagla (son of Lalit Kumar Bagla), having experience of over 30 years in the packaging industry. The management of the company is supported by qualified and experienced personnel. Promoters hold 68.48% shares in HAL as on December 31, 2025.

Moderate financial risk profile

HAL's financial risk profile continues to remain moderate as marked by overall gearing of 1.20x as on March 31, 2025, compared to 0.93x as on March 31, 2024. The marginal moderation in overall gearing is largely driven by increase in term loans due to recently commissioned debt-funded capex. Additionally, debt coverage metrics remain moderate as marked by interest coverage of 6.11x on FY25 (PY: 6.72x) and TDGCA of 4.43 in FY25 (PY: 2.89x). Commissioning of two new manufacturing facilities in February 2026 has enhanced near-to-medium-term revenue visibility and operational diversification. With improvement in scale, cash accruals and nil capex planned in FY27, debt protection metrics of the company are expected to improve marginally.

Long-standing relationship with reputed clients

HAL provides the packaging solution to reputed clients which have been associated with the company from last 10-15 years, includes ITC Limited, Dabur India Limited, Nestle India Limited, Parle Agro Limited, Britannia Industries Limited, and Asian Paints Ltd, among others. Apart from repeat orders from existing clients, the company has been able to regularly add few overseas clients to its portfolio.

Key weaknesses**Project stabilisation risk**

In FY26, HAL completed the establishment of two new manufacturing facilities, its tear tape unit at Howrah, West Bengal, and HAL's wholly owned subsidiary, Bagla Technopack Private Limited (BTPL), sub-barrier film unit at Mundra, Gujarat. Both projects were commissioned in February 2026 with minimal cost overruns, which were fully met through internal accruals. While both projects have already been executed and commissioned in February 2026, the project faces stabilisation risk in the near term, as ramp-up of operations and achievement of optimal capacity utilisation remain key monitorable.

Moderate scale of operations

HAL continues to operate at a moderate scale, with TOI declining to ₹288.15 crore in FY25 (FY24: ₹306.67 crore). Despite the marginal contraction in scale, profitability improved, as reflected in a higher PBILDT margin of 13.04% in FY25 (FY24: 11.53%). In 9MFY26, HAL achieved a TOI of ₹197.93 crore with an improved PBILDT margin of 14.83%, compared to a TOI of ₹221.05 crore and PBILDT margin of 10.82% in 9MFY25. The company's scale is expected to improve from FY27 onwards following the commissioning of its two new manufacturing facilities.

Intense industry competition and raw material price volatility

The growing end-use industries such as fast-moving consumer goods (FMCG), automotive and electronics have led to rapid increase in demand for adhesive tapes in the last few years. However, the BOPP tape segment remains highly competitive due to the presence of a large unorganised market, posing challenges to HAL's long-term revenue visibility. To mitigate this, HAL has expanded into export markets, increasing its global footprint and reducing geographical and geo-political concentration risks. The company's basic raw materials are BOPP and granules, which are derivatives of crude oil and fluctuation in its prices directly impacts the profitability of the company. HAL's gross margin compared to total sales for the company has remained similar at ~31.18% in FY19 to ~31.47% in FY23 except 24.41% in FY22 considering company's inability to pass on increased input cost to the end consumer. However, a strategic shift towards manufacturing specialised products led to an improvement in the gross margin to 37.86% and 32.20% in FY25 and FY24, respectively.

Liquidity: Adequate

Liquidity position of HAL remains adequate, supported by sufficient cushion in cash accruals, with expected GCA of ₹29.42 crore in FY26 against scheduled debt repayment of ₹8.50 crore. The company has free cash and bank balance of ₹1.75 crore as on August 31, 2025. However, the average working capital utilisation remains high at ~92% for the trailing 10 months ending January 2026. However, following an interim trade deal with the US in February 2026 and the U.S. Supreme Court verdict against US tariff, both exports volume and liquidity position are expected to improve in the near-to-medium term. Additionally, the disbursement of an export credit guarantee scheme (ECGS) backed working capital term loan to HAL in January 2026 is expected

to ease working capital pressures, resulting in lower utilisation of fund-based limits going forward. CareEdge Ratings also notes that the management has no capex plans for FY27.

Assumptions/Covenants: Not applicable

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
Commodities	Chemicals	Chemicals and Petrochemicals	Commodity Chemicals

HAL is a part of the Bagla Group. The company was incorporated in 1988 and promoted by Lalit Kumar Bagla and his son, Madhusudan Bagla, for manufacturing BOPP, self-adhesive tapes, and polyolefin shrink films (POF Films). The company commissioned its first manufacturing plant in Uttar Pradesh in October 1989 with an installed capacity of 10 million sq. metres. Currently, the company has two manufacturing units: one in Uttar Pradesh (Ghaziabad) and one in Gujarat (Mundra). HAL currently operates two manufacturing units in Ghaziabad, Uttar Pradesh, and Mundra, Gujarat. It has also established two additional manufacturing facilities: a tear tape unit in Howrah, West Bengal, and a sub-barrier film unit at Mundra, Gujarat, set up through HAL's wholly owned subsidiary, BTPL.

Brief Financials (Consolidated) (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9M_FY26 (UA)
Total operating income	306.67	288.15	197.93
PBILDT*	35.35	37.58	29.36
Profit after tax (PAT)	16.41	13.26	13.97
Overall gearing (x)	0.93	1.20	NA
Interest coverage (x)	6.72	6.11	5.83

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: India Ratings has continued ratings assigned to bank facilities of Hindustan Adhesives Limited under the 'issuer not -cooperating' category vide press release dated April 10, 2025, considering its inability to carryout review in the absence 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 (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	-	-	-	-	56.60	CARE BBB; Stable
Fund-based/Non-fund-based-Short Term	-	-	-	-	0.05	CARE A3+
Non-fund-based - ST-BG/LC	-	-	-	-	14.50	CARE A3+
Term Loan-Long Term	-	-	-	November, 2029	33.85	CARE BBB; Stable

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	Term Loan-Long Term	LT	33.85	CARE BBB; Stable	1)CARE BBB (RWN) (05-Sep-25)	1)CARE BBB; Stable (06-Dec-24)	1)CARE BBB; Stable (04-Dec-23)	1)CARE BBB; Stable (30-Nov-22)
2	Fund-based - LT-External Commercial Borrowings	LT	-	-	-	-	1)Withdrawn (04-Dec-23)	1)CARE BBB; Stable (30-Nov-22)
3	Fund-based - LT-Cash Credit	LT	56.60	CARE BBB; Stable	1)CARE BBB (RWN) (05-Sep-25)	1)CARE BBB; Stable (06-Dec-24)	1)CARE BBB; Stable (04-Dec-23)	1)CARE BBB; Stable (30-Nov-22)
4	Non-fund-based - ST-BG/LC	ST	14.50	CARE A3+	1)CARE A3+ (RWN) (05-Sep-25)	1)CARE A3+ (06-Dec-24)	1)CARE A3+ (04-Dec-23)	1)CARE A3+ (30-Nov-22)
5	Fund-based/Non-fund-based-Short Term	ST	0.05	CARE A3+	1)CARE A3+ (RWN) (05-Sep-25)	1)CARE A3+ (06-Dec-24)	1)CARE A3+ (04-Dec-23)	1)CARE A3+ (30-Nov-22)

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/Non-fund-based-Short Term	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view 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	Bagla Technopack Private Limited	Full	Wholly owned subsidiary
2	Pt. Bagla Group Indonesia	Full	Subsidiary

Note on complexity levels of rated instruments: 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.

Contact us

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