Hindprakash Industries Limited

August 03, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	31.50 (Enhanced from 21.50)	CARE BB+; Stable / CARE A4+	Reaffirmed
Long-term bank facilities	RBI	6.03 (Enhanced from 1.61)	CARE BB+; Stable	Reaffirmed
Short-term bank facilities	RBI	8.50	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Hindprakash Industries Limited (HIL) continue to remain constrained considering its moderate scale of operations and thin profitability, moderate capital structure and debt coverage indicators, stretched liquidity, and profitability susceptible to volatile raw material prices.

However, ratings derive strength from HIL's experienced promoters with established track record 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 ₹250 crore and profit before interest, lease rentals, depreciation, and taxes (PBILDT) margin above 5% on a 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 ₹75 crore and moderation in cash accruals below ₹2 crore on a sustained basis.
- Deterioration in capital structure with adjusted gearing above 1x and 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

Moderate scale of operations and thin profitability

HIL's scale of operations is moderate with stable revenue of ₹115.06 crore in FY26 (PY: ₹101.93 crore). HIL operates with thin profitability considering low value additive process (blending and standardisation).

PBILDT margin declined by 96 bps in FY26 and stood at 1.77% against 2.74% in FY25 considering increase in employee costs and travelling expense. HIL started dealer distributor network for its two retail products across India and that has resulted in higher employee and travel costs in FY25 and FY26.

The company achieved turnover of ~₹10 crore from the retail brand, in FY26 and the same is expected to improve in the foreseeable period.

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[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

The profit after tax (PAT) margin improved from 1.61% in FY25 to 2.39% in FY26, supported by higher non-operating income derived from interest on loans advanced to related parties and profit from the sale of investments.

Moderate capital structure and weak debt coverage indicators
HIL's capital structure stood moderate marked by overall gearing of 0.60x (PY: 0.58x) on a moderate net worth base of ₹54.42 crore. The company's TOL/ TNW also stood moderate at 0.68x (PY: 0.80x), backed by lower creditors outstanding as of FY26 end.

Debt coverage indicators stood weak, as marked by PBILDT interest coverage of 0.51x in FY26 (PY: 1.05x) and TD/GCA of 11.40x in FY26 (PY: 15.06x). The interest servicing was met through non-operating income derived from interest income from loans and advances and profit on sale of investment.

Susceptibility of profitability to volatile raw material prices
The company procures dyes as its key raw material. Since these dyes are manufactured using crude oil-derived chemicals, such as benzene, toluene, xylene, naphthalene and other dye intermediates, their prices are influenced by movements in crude oil prices. Accordingly, the company's profitability remains susceptible to raw material price volatility of dyes. As HIL's inventory primarily comprises standard-colour dyes such as black and white, this limits the inventory price fluctuation risk to an extent considering the company not undertaking active hedging to mitigate the said risk. Apart from standard dyes, HIL also processes order-specific dyes based on customer requirements.

Key strengths

Experienced promoters with established track record of operations
HIL was incorporated in 2008 and is currently managed by third generation of the Mangal family, Sanjay Prakash Mangal, Om Prakash Mangal and other family. The promoters are the part of Hindprakash group and have been involved in the chemical industry for over two decades. Flagship entity of the group, Hindprakash Chemical Private Limited, is engaged into manufacturing dyes.

Diversified product profile and customer base
The company's product profile includes ~150 products, including textile auxiliaries, disperse dyes, reactive dyes and green acids, which find application mainly in the textile industry. The company has a PAN-India presence and supplies to a diversified customer base, including select reputed client, with top 10 customers constituting ~30% of its total sales in FY26.

Liquidity: Stretched

Liquidity of HIL remained stretched marked by tightly matched GCA to gross loan repayments, which are in the range of ₹2 to 4 crore annually in FY27-FY29, high utilisation of working capital limits and negative cash flow from operations (CFO).

Average utilisation of the company's working capital limits remained at 89% for past 12 months ended March 2026. Cash flow from operations stood negative at ₹6.14 crore in FY26 (PY: negative ₹4.12 crore) due to payments to creditors and higher advances to suppliers as on March 31, 2026, despite the release of receivables and inventory during the year. HIL's operating cycle is elongated and remained in the range of 125-138 days in last three years with high collection period with extended credit required to be offered to customers.

HIL had free cash and bank balance of ₹3.00 crore as on March 31, 2026, providing some cushion to liquidity of the company.

Assumptions/Covenants: Not applicable

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

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 HIL was incorporated in 2008 and is engaged in processing (blending and standardisation) and trading dyes, intermediates, auxiliary, and other chemicals.

HIL is a part of the Hindprakash group, which is engaged in trading and manufacturing chemical products. The processing unit of the company is in Vatva, Gujarat, with a total installed capacity of 4000 MT per annum for processing textile auxiliaries, chemicals, dyes, intermediate, and pigments.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	101.93	115.11
PBILDT*	2.79	2.04
Profit after tax (PAT)	1.64	2.75
Overall gearing (x)	0.58	0.60
Interest coverage (x)	1.05	0.51

A: Audited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease liability, depreciation and taxation

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 25, 2025.

Any other information: Not applicable

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	30-06-2030	6.03	CARE BB+; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	31.50	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-ILC/FLC	RBI	Simple	-	-	-	-	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 2026-2027	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
1	Fund-based - LT/ ST-Working Capital Limits	LT/ST	31.50	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (07-Jul-25)	1)CARE BB+; Stable / CARE A4+ (29-Jul-24)	-
2	Fund-based - LT-Term Loan	LT	6.03	CARE BB+; Stable	-	1)CARE BB+; Stable (07-Jul-25)	1)CARE BB+; Stable (29-Jul-24)	-
3	Non-fund-based - ST-ILC/FLC	ST	8.50	CARE A4+	-	1)CARE A4+ (07-Jul-25)	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: Lender details

To view lender-wise details of bank facilities please click here

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.

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