

September 3, 2010

**CARE ASSIGNS 'CARE B' AND 'PR4' RATINGS TO BANK FACILITIES OF  
HIND PRAKASH INTERNATIONAL PVT LTD.**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	9.00	'CARE B' (Single B)	Assigned
Short-term Bank Facilities	15.00	'PR4' (PR Four)	Assigned
Total Facilities	24.00		

**Rating Rationale**

The ratings are mainly constrained by the weak Corporate Governance and risks associated with trading business like low margins, forex fluctuation and price fluctuation risk. The ratings, however, favourably factor in the vast experience of promoter in dyes and chemical industry, reputed clientele of dye manufacturers and moderate financial risk profile marked by moderate gearing and coverage ratios.

The ability of the company to improve Corporate Governance practices and mitigate forex fluctuation and price fluctuation risk are the major key rating sensitivities.

**Company Profile**

Ahmedabad-based HIPL commenced its business in January 2003. HIPL is a part of Hind Prakash group having four more companies – all engaged in the business of dyes, intermediates and chemicals. HIPL's Board consists of three Directors and is led by Shri Santosh Nambiar.

The corporate governance practices are weak as reflected by the significant amount of inter-group transactions for which no proper disclosure was given. The company has also delayed in payment of statutory dues consistently in last three years as qualified by their statutory auditors.

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<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

HIPL is engaged in the business of trading of dye intermediates, dye stuffs and other chemicals mainly used by dye manufacturers.

During FY10 (un-audited), company reported total operating income of Rs.141.39 cr and earned a PAT of Rs.1.37 cr against total operating income of Rs.129.81 cr and PAT of Rs.0.60 cr in FY09.

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