

April 09, 2026

Hemant Surgical Industries Limited: Ratings upgraded to [ICRA]BBB(Stable)/ [ICRA]A3+; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based cash credit	3.50	15.0	[ICRA] BBB (Stable); upgraded from [ICRA] BBB- (Stable) and assigned for enhanced amount
Long-term fund-based term loans	5.00	-	-
Long-term fund-based limits	27.00	-	-
Short-term non-fund based limits	34.50	87.75	[ICRA] A3+; upgraded from [ICRA] A3 and assigned for enhanced amount
Total	70.00	102.75	

*Instrument details are provided in Annexure-I

Rationale

The upgrade of the ratings of Hemant Surgical industries Limited (HSIL) factors in the expected improvement in its credit profile aided by expectations of significant revenue growth over FY2026 and FY2027 and improvement in its capital structure following repayment/ prepayment of a large portion of its outstanding term loans. During FY2026, HSIL obtained a tender for the supply of portable X-ray units worth Rs. 264.3 crore to Central Medical Service Society, Ministry of Health and Family Welfare (CMSS), to be serviced over FY2026 and FY2027. Coupled with the receipt of incremental tenders from CMSS and growth across other product categories, this is expected to aid the revenue growth of HSIL to around Rs. 230-250 crore in FY2026 and more than Rs. 300.0 crore in FY2027. However, considering the high value of these tenders, timely payment by CMSS shall remain key for the company to effectively manage its working capital and liquidity position. In this regard, ICRA draws comfort timely payment by CMSS to HSIL against the supply of the first tranche of the order.

In September 2025, HSIL issued preferential shares of Rs. 51.2 crore and preferential warrants of Rs. 41.4 crore (of which 25%, i.e., Rs. 10.3 crore has already been received and the remaining 75% shall be received within 18 months from the date of issue at the option of the warrant holders). The funds have been used partly towards funding HSIL's capex and working capital requirements and partly towards prepayment of its long-term debt leading to a reduction in the long-term debt to around Rs. 4.5 crore as on March 15, 2026 from Rs. 27.6 crore as on March 31, 2025. This has resulted in considerable improvement in HSIL's leverage and coverage indicators, which is expected to be sustained over the medium term as HSIL is expected to maintain minimal dependence over external debt and report steady growth in earnings.

The ratings continue to factor in the company's established operational track record and extensive experience of its promoters in the medical equipment and supplies industry. Benefiting from this, HSIL has established a strong relationship with its suppliers, including JMS Co. Limited (JMS), a leading global medical consumables/equipment manufacturer. HSIL has a diversified product profile consisting of JMS products, radiology equipment, surgical disposables and infusion sets, renal care equipment, ultrasound machines, critical care and respiratory therapy equipment, among other products.

The ratings, however, are constrained by the competitive and fragmented nature of the medical equipment and supplies industry, which limits HSIL's revenues and profitability. Moreover, HSIL has a moderate scale of operations with relatively lower value addition, which also limits its profitability. HSIL has made efforts towards increasing the value addition across various segments by setting up a new manufacturing facility at Sambhaji Nagar, Maharashtra. However, adequate scale up in its operations and its impact on profitability is expected to be gradual. Further, HSIL remains exposed to forex risk, as a major

portion of its raw material requirements is met through imports, primarily from Japan, China, South Korea and a few other countries.

The Stable outlook on the long-term rating reflects ICRA's opinion that HSIL will continue to generate healthy cashflow from operations aided by its established relationship with JMS and increasing sales in the radiology segment, which shall aid the sustenance of its adequate financial profile.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters along with an established, exclusive relationship with principal supplier – Mr. Hanskumar Shah, the founder and promoter of HSIL, has an experience of over three decades in the medical equipment and supplies industry. HSIL is the exclusive supplier of JMS products in India with an established relationship of more than three decades and JMS products have been the key revenue generators for HSIL over the past many years. Through the development of the new manufacturing facility at Sambhaji Nagar with technical collaboration from JMS, HSIL is improving the value addition in its JMS products, which is expected to support its revenue growth and profitability over the medium-to-long term.

Diversified product profile, including surgical products and healthcare devices – The revenues of the company are well diversified across segments including disposables (including JMS medi-tape), radiology and renal care. Over the last few years, HSIL has been able to diversify its product profile with addition of several new products leading to a reduction in the revenue share of JMS products to 49% in H1 FY2026 from 65% in FY2020. Over the last few quarters, the company has obtained tenders for the supply of radiology equipment to CMSS and entered various partnerships, including a partnership with Sonomed Escalon, USA (Sonomed) to undertake Semi Knocked Down (SKD) manufacturing and localisation of ophthalmic ultrasound diagnostic devices. HSIL is expected to benefit from its diversifying revenue base subject to sustained scale up of the ongoing projects.

Adequate financial profile – HSIL's financial profile is supported by its moderate debt levels and adequate liquidity profile. It has issued preferential warrants and shares worth Rs. 92.54 crore in September 2025 and received Rs. 61.53 crore, which has been utilised towards repayment/ prepayment of term loans, funding capex and working capital requirements. HSIL substantially prepaid its long-term debt leading to a reduction in the long-term debt to around Rs. 4.5 crore as on March 15, 2026 from Rs. 27.6 crore as on March 31, 2025. Accordingly, ICRA estimates HSIL's total debt/OPBDITA to improve to less than 1.0 time as on March 31, 2026, from 3.4 times as on September 30, 2025. Moreover, HSIL is expected to sustain its low leverage levels and adequate financial profile with expectations of no major debt-funded capex over the near to medium term.

Credit challenges

Moderate scale of operations – Despite expectations of growth of HSIL's revenues to Rs. 230-250 crore in FY2026 over Rs. 106.6 crore in FY2025, the scale remains moderate. Moreover, a significant part of the revenues is derived from trading of medical equipment. This results in limited economies of scale, thus impacting HSIL's profitability.

Moderate profit margins owing to low value addition; profitability also vulnerable to forex fluctuations – HSIL imports jumbo rolls from JMS, Japan, and cuts and processes the same before selling them. Most of its other equipment are imported from countries like China and South Korea and assembled locally. Thus, HSIL's profitability has remained moderate owing to the relatively low value addition. However, with a better product mix, increasing value addition and expected scale of manufacturing activities under the new manufacturing facility at Sambhaji Nagar, the operating profit margin (OPM) is expected to improve over the medium to long term. Considering its sizeable imports and the absence of a strong hedging mechanism, HSIL's profitability also remains vulnerable to forex fluctuations.

Fragmented industry structure characterised by intense competition – The medical equipment and supplies industry is fragmented with multiple domestic and international players, exposing HSIL to intense competition and limiting its revenues,

pricing power and profitability. However, HSIL remains competitive because of its established technical collaboration with JMS and increasing partnerships with other global healthcare equipment providers like Sonomed.

Environmental and social risks

Environmental considerations – HSIL faces environmental risks associated with tightening environmental regulations with regard to breach of waste and pollution norms, which can lead to an increase in operating costs or capital investments.

Social considerations – Social risks for HSIL include product quality and safety related risks, which can lead to litigations or product liability claims and access to qualified personnel for the installation and maintenance of the healthcare equipment supplied by the company.

Liquidity position: Adequate

HSIL’s liquidity is **adequate**, aided by free cash, cash equivalents and liquid investments of around Rs. 20 crore as on March 15, 2026, and some buffer with unutilised working capital limits. HSIL has low repayment obligations of around Rs. 1.3 crore in FY2027 and Rs. 0.6 crore in FY2028, which can be comfortably serviced from its cashflows. Moreover, it is expected to incur a capex of around Rs. 40-50 crore over FY2027 and FY2028, which shall be largely funded through internal accruals and existing liquidity.

Rating sensitivities

Positive factors – The ratings could be upgraded if HSIL reports healthy growth in revenue and earnings while maintaining healthy debt protection metrics and an adequate liquidity position.

Negative factors – The ratings could be downgraded, if there is any substantial decline in revenues or profitability, or any stretch in working capital cycle or sizeable debt-funded capex result in deterioration in HSIL’s coverage metrics and liquidity position. Specific credit metrics include total debt/OPBDITA of above 2.8 times, on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of HSIL. The subsidiaries and step-down subsidiaries of HSIL are listed in Annexure-II.

About the company

Incorporated in 1989, HSIL is a manufacturer, exporter, importer, trader, distributor and supplier of disposable surgical products, nebulisers, hemodialysis equipment and other products. The company has exclusive agency for manufacturing and distributing medi-tape and other products of JMS. HSIL was listed on the Bombay Stock Exchange’s Small and Medium Enterprises (BSE SME) platform in June 2023. HSIL also supplies radiology equipment, dialysis equipment, renal care, oxygen concentrators, air mattresses, ultrasound machines and digital thermometers, among other products. The registered office of the company is in Mumbai, while it has four manufacturing and assembly units in Achhad (Gujarat), Sambhaji Nagar, Atgaon and Bhiwandi (Maharashtra).

Key financial indicators

HSIL – Standalone	FY2024	FY2025	H1 FY2026
Operating income	105.6	106.6	64.6
PAT	9.8	8.0	5.5
OPBDIT/OI	9.9%	8.5%	11.8%
PAT/OI	9.3%	7.5%	8.4%
Total outside liabilities/Tangible net worth (times)	0.8	1.3	0.7
Total debt/OPBDIT (times)	0.6	3.4	3.4
Interest coverage (times)	10.8	3.9	3.9

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore; All ratios as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2027)		Chronology of rating history for the past 3 years					
		Amount Rated (Rs. crore)	April 09, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based cash credit	Long term	15.0	[ICRA] BBB (Stable)	-	-	Jan 22, 2025	[ICRA] BBB- (Stable)	-	-
Fund based term loan	Long term	-	-	-	-	Jan 22, 2025	[ICRA] BBB- (Stable)	-	-
Fund based limits	Long term	-	-	-	-	Jan 22, 2025	[ICRA] BBB- (Stable)	-	-
Non-fund-based limits	Short term	87.75	[ICRA] A3+	-	-	Jan 22, 2025	[ICRA] A3	-	-
Term loan	Long Term	-	-	-	-	-	-	-	-
Working capital facilities	Long Term	-	-	-	-	Oct 15, 2024	[ICRA] BB+ (Stable); Issuer not cooperating; Withdrawn	June 27, 2023	[ICRA] BB+ (Positive)
						Aug 30, 2024	[ICRA] BB+ (Stable); Issuer not cooperating	Aug 18, 2023	[ICRA] BB+ (Positive); Issuer not cooperating
Non-fund-based facilities- LC/BG	Short Term	-	-	-	-	Oct 15, 2024	[ICRA] A4+; Issuer not cooperating; Withdrawn	June 27, 2023	[ICRA] A4+
						Aug 30, 2024	[ICRA] A4+; Issuer not cooperating	Aug 18, 2023	[ICRA] A4+; Issuer not cooperating
Unallocated limits	Long Term/ Short Term	-	-	-	-	Oct 15, 2024	[ICRA] BB+ (Stable)/ [ICRA] A4+; Issuer not cooperating; Withdrawn	June 27, 2023	[ICRA] BB+ (Positive) / [ICRA] A4+
						Aug 30, 2024	[ICRA] BB+ (Stable)/ [ICRA] A4+; Issuer not cooperating	Aug 18, 2023	[ICRA] BB+ (Positive)/ [ICRA] A4+; Issuer not cooperating

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based cash credit	Simple
Short-term non-fund based limits	simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit	NA	NA	NA	15.00	[ICRA]BBB (Stable)
NA	Letter of credit	NA	NA	NA	87.75	[ICRA]A3+

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	HSIL's Ownership	Consolidation approach
Solar Opto-Medic Private Limited	100.00%	Full consolidation

Source: HSIL's Annual report for FY2025

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