DECEMBER 30, 2016

CARE ASSIGNS 'CARE BBB+; STABLE' AND 'CARE A2' RATINGS TO BANK FACILITIES OF HALDYN GLASS LIMITED

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities (Fund-based)	20.30	CARE BBB+; Stable [Triple B Plus; Outlook: Stable]	Assigned
Short-term Bank Facilities (Non-fund-based)	11.06	CARE A2 [A Two]	Assigned
Total Instruments	**31.36 (Rupees Thirty One crore and Thirty Six lakh only)**		

Rating Rationale

The ratings assigned to the bank facilities of Haldyn Glass Limited (HGL) take into account extensive promoter experience in glass container manufacturing business, established and reputed client base in domestic market along with increasing efforts to expand business in the export markets. The ratings also factor in comfortable capital structure and debt protection metrics along with healthy profitability margins.

The ratings, however, continue to remain constrained by moderate scale of operations, working capital intensive nature of operations, volatility of margins due to fluctuations in the prices of raw material and fuel prices and high dependence on liquor segment but slowly increasing focus on other segments focusing on glass containers.

The ratings remain sensitive to its ability to increase the scale of operations along with improvement in profitability and maintaining the capital structure and debt protection metrics.

Background

Mr N D Shetty, who has a very rich experience in the glass manufacturing segment, was the original promoter of Haldyn Corporation Limited (HCL) (formerly known as Haldyn Glass Limited) in the year 1964. Later in 1991, Haldyn Glass Limited (HGL) (formerly known as Haldyn Glass Gujarat Limited) was incorporated with HCL having 49.44% stake in the company. The need to incorporate HGL was felt due to space constraints in HCL, with liquor and food being the chief target segments. HGL's plant is located at Vadodara, Gujarat, currently has a total melting capacity 375 tons per day comprising of two Glass Melting Furnaces (200 + 175 tons per day capacity) and 10 I.S. machines for manufacturing a very wide range of containers from 10 ml to 1000 ml. The I.S. machines are capable of producing 1.5 million high quality containers every day. Also, during FY16 (refers to the period April 1 to March 31), the company has entered into a JV with Heinz Glas International GmbH of Germany, infusing 50% equity into the same, the JV being named as "Haldyn Heinz Fine Glass Private Limited".

As per FY16, on a consolidated basis, HGL posted a PAT of Rs.6.66 crore (FY15 – Rs. 16.03 crore) on a total income of Rs.143.76 crore (FY15 – Rs.158.85 crore). Furthermore, during H1FY17 (un-audited), the company posted PAT of Rs.4.58 crore (H1FY16 – Rs.3.47 crore) on a total income of Rs.87.13 crore (H1FY16 – Rs.65.95 crore).

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[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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