MAY 14, 2015

CARE ASSIGNS CARE A+ (FD) RATINGS TO THE PROPOSED FIXED DEPOSIT OF HITECH PLAST LIMITED

Ratings

Instrument	Amount (Rs. crore)	Ratings[1]	Remarks
Proposed Medium Term Instrument - Fixed Deposit	20.00	**CARE A+ (FD) [Single A Plus (Fixed Deposit)]**	**Assigned**

Rating Rationale

The rating assigned to the proposed medium term instrument of Hitech Plast Ltd (HPL) factors in the vast experience and resourcefulness of the promoters along with strong business linkages with Asian Paints Ltd. The rating also factors HPL's established market presence and relationship with reputed clientele, financial flexibility and healthy financial profile characterised by comfortable leverage and debt coverage indicators.

The rating strengths are however tempered by vulnerability to volatility in the raw material prices and strong competition from the organised and unorganised players in the industry.

Going forward, the ability of the company to increase scale of operations coupled with improved profitability margins would remain the key rating sensitivities.

Background

Hitech Plast Ltd (HPL) incorporated in 1991; is promoted by Mr Ashwin Dani, one of the three founder promoters of Asian Paints Ltd. HPL started its operations by manufacturing thin walled cylindrical, injection moulded plastic containers called "BoCans". The company currently is engaged in the manufacturing and sale of innovative polymer products to various industries like paint, personal care, agro chemicals, health care, confectionary, lube and retail household products. The paint container segment contributes 60% to the consolidated revenues while non-paint container contributes the balance. HPL has seven manufacturing units and is one of the largest manufacturers of paint and non-paint containers in the India with a 37,999 mtpa of annual capacity in FY15.The company has a strong clientele base such as Asian Paints Ltd., Pidilite Ltd, Glaxosmithkline Consumer, etc. HPL has one subsidiary namely Clear Mipak Packaging Solutions Ltd (CMPSL) in which it holds 60%. CMPSL is engaged in manufacturing of plastic containers for FMCGs (Fast Moving Consumer Goods), chemicals, agrochemicals, lubricants, health care etc.

In FY14 (refers to the period April 1 to March 31), the company has earned a PAT of Rs.8.09 crore (FY13 Rs. 10.38 crore) on total operating income of Rs. 460.01 crore (FY13 Rs. 440.90 crore). During 9MFY15, HPL reported a PAT of Rs.6.84 crore on a total income of Rs.369.00 crore as compared with a PAT of Rs.4.60 crore on a total income of Rs.347.05 crore in 9MFY14.

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

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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