

AUGUST 18, 2016

CARE REAFFIRMS RATING ASSIGNED TO FIXED DEPOSIT PROGRAMME OF HITECH PLAST LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Fixed Deposit programme	10.00* (reduced from 20.00)	CARE A+ (FD) [Single A Plus (Fixed Deposit)]	Reaffirmed
Total	10.00 (Rupees Ten crore only)		

*including outstanding amount of Rs.3.50 crore as on March 31, 2016

Rating Rationale

The reaffirmation of long-term rating assigned to the Fixed Deposit Programme of Hitech Plast Limited (HPL) favorably factors in experienced and resourceful promoter group, continual dominant position in paint packaging business, strong business linkages with Asian Paints Limited and robust financial risk profile & debt coverage indicators.

However, the rating strengths continue to be tempered by volatility associated with raw material prices, working capital intensive operations and prevalent competition in paint & non-paint packaging industry.

Ability of the company to refurbish the Rohtak plant within envisaged time & cost and maintain favourable capital structure remains key rating sensitivities.

Background

HPL incorporated in 1991; is promoted by Mr. Ashwin Dani, one of the three founder promoters of Asian Paints Limited. 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. HPL has twelve 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 FY16 (refers to period April 01, to March 31,). The company has a strong clientele base such as Asian Paints Ltd., Pidilite Ltd, Reckitt Benckiser (I) (P) Ltd., etc.

During FY16, HPL merged its subsidiary Clear Mipak Packaging Solutions Ltd (CMPSL) in which it held 60% shareholding. CMPSL is engaged in manufacturing of plastic containers for FMCGs (Fast Moving Consumer Goods), chemicals, agrochemicals, lubricants, health care etc.

The company reported Profit After Tax (PAT) of Rs. 14.12 crore on Total Operating Income (TOI) of Rs. 393.17 crore in FY16 as compared to PAT of Rs. 6.79 crore on TOI of Rs. 465.29 crore in FY15.

Further, the company reported PAT of Rs. 3.88 crore on TOI of Rs. 91.79 crore in Q1FY17 (refers to period April 01, to June 30,) as compared to PAT of Rs. 3.46 crore on TOI of Rs. 65.15 crore in Q1FY16.

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

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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