

Hitesh Plastics Private Limited

Instrument	Amount	Rating Action
	In Rs. Crore	As in June 2016
Long-term fund based limits	15.00 (PY 10.00)	[ICRA]BBB+ (Stable) reaffirmed
Term Loan	Nil (PY 8.00)	
Proposed fund based limits	Nil (PY 10.00)	
Short-term non-fund based limits	0.33 (PY 8.25)	[ICRA]A2+ reaffirmed
Proposed non-fund based limits	Nil (PY 5.00)	

PY – Previous year

ICRA has reaffirmed the long-term rating of [ICRA]BBB+ (pronounced ICRA triple B plus) assigned to the Rs. 15.00 crore¹ fund based facilities (enhanced from Rs. 10.00 crore) of Hitesh Plastics Private Limited (HPPL or “the company”) ². ICRA has also reaffirmed the short-term rating of [ICRA]A2+ (pronounced ICRA A two plus) to the Rs. 0.33 crore (reduced from Rs. 8.25 crore) non-fund based limits of HPPL. The outlook on the long term rating is Stable.

The rating reaffirmations take into account the healthy growth in operating income in FY2016 on the back of increased sales volumes and improvement in HPPL’s profitability levels owing to sourcing efficiencies and lower raw material costs. This coupled with reduced debt levels resulted in a further improvement in capital structure and coverage indicators. ICRA notes that the addition of new customers with sizeable committed quantities enhances revenue visibility in near to medium term and its reputed client base in beverage industry mitigates counter party credit risks to some extent. The ratings also favourably factor in vast experience of the promoters in plastics industry and advantages accruing to HPPL due to its association with the group company, Sunrise Containers Limited (SCL; rated [ICRA]A (Stable)/[ICRA]A1), which has an established brand called ‘SUNPET’ in the market. The ratings, however, are constrained by expected moderation in profitability of HPPL in the current year owing to the recent uptrend in crude oil prices as the company enters into a fixed price contract with one of its key customers. The ratings also take into account the company’s exposure to high sales concentration risks with more than half of the company’s revenues coming from its top two customers in FY2016. Nevertheless, the same is mitigated to some extent by recent addition of new customers. ICRA also notes that the company remains susceptible to foreign exchange fluctuations as 35% of the company’s total debt is denominated in foreign currency. Besides, the company imports ~90% of its total raw material requirement.

Company Profile

Incorporated in 1989, Hitesh Plastics Private Limited (HPPL) manufactures caps and closures. The company is promoted by Mr. K. L. Mundhra, who has more than three decades of experience in plastic container manufacturing business. HPPL is operating from its Jalgaon plant in Maharashtra, having an installed capacity of 2,600 million caps per annum.

Recent Results

In FY2015, HPPL registered a Profit after Tax (PAT) of Rs. 5.99 crore on an operating income of Rs. 88.99 crore. As per the provisional results of FY2016, HPPL registered a PAT of Rs. 8.43 crore on an operating income of Rs. 100.65 crore.

June 2016

¹ 1 crore = 10 million = 100 lakh

² For complete rating scale and definitions, please refer to ICRA's Website www.icra.in or other ICRA Rating Publications



For further details please contact:

Analyst Contacts:

Mr. Jayanta Roy, (Tel. No. +91-33-22876617 / 22800008)
jayanta@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91 33 7150 1100)
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500