

Press Release

HIMTEJ STAMPINGS PRIVATE LIMITED (HSPL)

12 March, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.75 Cr.
Long Term Rating	SMERA B/ Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA B**' (read as SMERA B) on the Rs. 8.75 crore bank facilities of HIMTEJ STAMPINGS PRIVATE LIMITED (HSPL). The outlook is '**Stable**'.

The Ahmednagar-based Himtej Stampings Private Limited (HSPL) was incorporated in 2014. The company, promoted by Mr. Radheshyam Aggarwal and Mr. Tejas Aggarwal is engaged in the manufacturing of electrical lamination stampings at Chakan MIDC and has installed capacity of 500 tonnes per month.

Key rating drivers

Strengths

Experienced management

The promoters have experience of over a decade in the said line of businesses.

Weaknesses

Nascent stage of operations

HSPL was incorporated in August 2014 and production commenced from April 2017. The company is in its initial stage of operations and yet to demonstrate its performance.

Debt funded capital expenditure (capex) plan

The company has undertaken capex of around Rs. 17.00 crore to be funded through a term loan of Rs. 6.50 crore and the rest through promoter's contribution. Notwithstanding the benefits of the debt funded capex, timely completion and stabilisation will remain key rating sensitivities.

Competitive and fragmented industry

HSPL is exposed to intense competition from several organised as well as unorganised players in the industry affecting its margins.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of HSPL to arrive at the rating.

Outlook – Stable

SMERA believes that HSPL's outlook will remain stable and the company will be able to maintain its credit profile in the medium term. The outlook may be revised to 'Positive' in case the company achieves higher than expected revenues and profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower than expected profit margins, higher than expected debt funded working capital requirements and capital expenditure.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.01	N.A.	N.A.
EBITDA	Rs. Cr.	0.01	N.A.	N.A.
PAT	Rs. Cr.	0.00	N.A.	N.A.
EBITDA Margin	(%)	100.00	N.A.	N.A.
PAT Margin	(%)	-23.92	N.A.	N.A.
ROCE	(%)	0.14	N.A.	N.A.
Total Debt/Tangible Net Worth	Times	1.95	N.A.	N.A.
PBDIT/Interest	Times	N.A.	N.A.	N.A.
Total Debt/PBDIT	Times	N.A.	N.A.	N.A.
Gross Current Assets (Days)	Days	N.A.	N.A.	N.A.

Status of non-cooperation with previous CRA (if applicable):

None

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.25	SMERA B/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	6.50	SMERA B/ Stable

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ABOUT SMERA

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