

Press Release

Hitaishi KK Manufacturing Company Private Limited (HKKMPL)

May 14, 2019



Rating Update

Total Bank Facilities Rated*	Rs. 33.00 Cr.
Long Term Rating	ACUITE BB- Issuer non-cooperating*
Short Term Rating	ACUITE A4+ Issuer non-cooperating*

* Refer Annexure for details

Rating Rationale

Acuité has reviewed the long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.33.00 crore bank facilities of Hitaishi K K Manufacturing Private Limited. This rating is now an indicative rating and is based on best available information.

Hitaishi K K Manufacturing was formed in 1974 as a partnership firm by Mr. Om Prakash Prahladka. Later in 2010, it was converted into a private limited company. The company manufactures and exports musical instruments and handicrafts made out of wood, jute, horn, etc with its manufacturing facility located in Kolkata. The company procures its raw material locally. The company sells around 95 per cent in the export market to countries such as Dubai, Japan, USA and Europe and the balance is sold in the domestic market.

Non-cooperation by the issuer/borrower:

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition-<https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities-<https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

	Unit	FY17(Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	60.21	62.83	55.33
EBITDA	Rs. Cr.	4.28	4.01	4.03
PAT	Rs. Cr.	0.74	0.87	1.17
EBITDA Margin	(%)	7.10	6.39	7.28
PAT Margin	(%)	1.23	1.38	2.11
ROCE	(%)	9.11	9.18	20.09
Total Debt/Tangible Net Worth	Times	1.49	1.17	1.13
PBDIT/Interest	Times	1.51	1.75	1.64
Total Debt/PBDIT	Times	6.52	5.18	4.71
Gross Current Assets (Days)	Days	384	309	335

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

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
13-Apr-2018	Foreign Bill Purchase	Short Term	11.00	ACUITE A4+ (Assigned)
	Packing Credit	Short Term	14.50	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	1.00	ACUITE BB-/ Stable (Assigned)
	Proposed Long Term	Long Term	4.00	ACUITE BB-/ Stable (Assigned)
	Letter of Credit	Short Term	2.50	ACUITE A4+ (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Foreign Bill Purchase	Not Applicable	Not Applicable	Not Applicable	11.00	ACUITE A4+ Issuer not co-operating*
Packing Credit	Not Applicable	Not Applicable	Not Applicable	14.50	ACUITE A4+ Issuer not co-operating*
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE BB- Issuer not co-operating*
Proposed Long Term	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE BB- Issuer not co-operating*
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A4+ Issuer not co-operating*

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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