

Press Release

HTK India Private Limited (HTKI)

08 May, 2018

Rating Assigned



Total Bank Facilities Rated *	Rs.6.42 crore
Long Term Rating	SMERA B-/ Outlook: Stable (Assigned)

**Refer Annexure for details*

Rating Rationale

SMERA has assigned long term rating of '**SMERA B-' (read as SMERA B minus)** on the Rs.6.42 crore bank facilities of HTK India Private Limited (HTKI). The outlook is '**Stable**'.

HTK India Private Ltd (HTKI) was incorporated in January, 2017 as a Private Limited Company in Ghatkopar West, Mumbai by the directors Bhavesh Shashikant Mehta and Abhay Shashikant Mehta. The company is setting up a unit Additional Patalganga for manufacturing of Polyester Buttons. The envisaged capacity of the unit is 14,40,000 GG per annum. The unit is expected to commence its operations from January, 2019.

Key Rating Drivers

Strengths

Experienced management

The directors of HTKI Bhavesh Shashikant Mehta and Abhay Shashikant Mehta have been involved into textile accessories since more than 2 decades through its group company, M.L. Mehta & Co (MLMC). MLMC has been engaged in trading of buttons and textile accessories since past 4 decades. This long experience of the promoters has helped them establish comfortable relationships with their key suppliers and customers.

Weaknesses

Significant project implementation risk

HTKI is setting up polyester button manufacturing unit in Patalganga MIDC, Maharashtra at a total project cost of Rs.8.50 crore to be funded from Rs.6.40 crore of bank loans, Rs1.60 crore from promoter's equity and balance of Rs.0.50 crore as loans from promoters. The bank loans are yet to be sanctioned exposing the company to significant funding risk. The project is scheduled to be completed in January, 2019.

SMERA believes that timely completion of the project at the estimated cost would be a key credit monitorable.

Intense competition

The company will be facing intense competition from players in unorganized market and other private players, such as Jindal Polybuttons Private Limited, Anand Buttons Ltd, Aero Buttons, and Paras Buttons etc.

Analytical Approach

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

Outlook: Stable

SMERA believes that HTKI will maintain a 'Stable' outlook in the medium term on the back of its experienced management. The outlook may be revised to 'Positive' if HTKI commissions the project on time and exhibits higher than expected flow of orders. Conversely, the outlook may be revised to 'Negative' in case of significant cost and time overruns in the project.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	N/A	N/A	N/A
EBITDA	Rs. Cr.	N/A	N/A	N/A
PAT	Rs. Cr.	N/A	N/A	N/A
EBITDA Margin	(%)	N/A	N/A	N/A
PAT Margin	(%)	N/A	N/A	N/A
ROCE	(%)	N/A	N/A	N/A
Total Debt/Tangible Net Worth	Times	N/A	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

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entity in Manufacturing Sector - <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

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
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	INR 5.97	SMERA B- / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	INR 0.45	SMERA B- / Stable

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ABOUT SMERA

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