E-Pack Polymers Private Limited

Instrument	Amount	Rating Action
	In Rs. crore	As on December 2016
Fund Based Limits	37.50	[ICRA]BBB (Stable); Assigned
Non-fund based Limits	16.50	[ICRA]A3+; Assigned

ICRA has assigned its long-term rating of **[ICRA]BBB** (pronounced ICRA triple B) to the Rs. 37.50 crore[1] fund based facilities of E-Pack Polymers Private Limited (EPPL)[2]. ICRA has also assigned its **[ICRA]A3+** (pronounced ICRA A three plus) rating to the Rs. 16.50 crore non fund based facilities of the company.

For arriving at the ratings, ICRA has combined the business and financial risk profiles of E-Vision, E-Durables and EPPL. This is because all the three entities have common promoters and share operational synergies.

ICRA's ratings factor in the extensive experience of EPPL's promoters in expanded polystyrene (EPS) packaging and Prefabricated structures. EPPL is a major supplier of EPS thermocol to LG Electronics India Private Limited, and the company's clientele in Prefab division includes clients like Larsen & Toubro, Tata Steel Ltd, Reliance Industries Ltd etc. The repeat orders from its key clients ensure healthy capacity utilization in its EPS division. The ratings also take into account the company's strong financial risk profile with healthy cash accruals, moderate gearing levels and healthy coverage indicators. ICRA also notes that company has been able to maintain a healthy revenue mix between the Prefab and EPS divisions, over the years.

The ratings are, however, constrained by the intensely competitive nature of the packaging industry owing to low entry barriers and the commoditized nature of the products, which restrict the pricing power of the manufacturers. The ratings also factor in the susceptibility of the company's profitability to fluctuations in raw material prices in both the Prefab and EPs divisions. Further, given that ~40% of EPPL's total sales in FY16 were to LG Electronics, it exposes the company to high customer concentration risk, although the risk is mitigated to large extent by the low counter-party credit risk.

The ability of the company to maintain its revenue growth and margins, while maintaining a strong capital structure, along with efficient working capital management will be the key rating sensitivities.

Company Profile
E-Pack Polymers Private Limited (EPPL) is a Noida based company incorporated by the Bothra and Singhania Families in 1999. EPPL is an ISO 9001:2000 and ISO 14000 registered company and is mainly engaged in manufacturing Expanded Polystyrene (EPS) thermocol products and Prefabricated Structures. It is the biggest supplier of moulded thermocol which is used as a packaging material for consumer durable products, to LG Electronics India Private Limited. Apart from this it also supplies EPS based block thermocol to 300 dealers in different states like Delhi, Haryana, Punjab, Uttar Pradesh, Uttarakhand, Rajasthan, Himachal Pradesh and Jammu & Kashmir, from its manufacturing unit located in Noida, Uttar Pradesh.

Under its Prefab division the company undertakes turnkey projects for Pre-fabricated buildings, Solar Control Rooms, Cold storage rooms, Pre-fabricated Schools, cottages and other customized structures.

Group Profile
E-Durables is a partnership firm which was incorporated in 2003. It is engaged in assembling home appliances for leading consumer durables companies and also manufactures sheet metal components, induction cook tops, water dispensers and copper tubing. The firm currently has two manufacturing facilities at Dehradun (Uttrakhand).

E-Vision is a partnership firm, which was incorporated in 2010. It is engaged in manufacturing of air conditioners, plastic moulding and heat exchangers. Its manufacturing facilities are located in Dehradun.

[1] 100 lakh = 1 crore = 10 million
[2] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

Recent Results

EPPL reported a profit after tax (PAT) of Rs. 4.19 crore on an operating income of Rs. 151.94 crore in FY2016, as against a PAT of Rs. 3.67 crore on an operating income of Rs. 156.59 crore in the previous year.

December 2016

For further details, please contact:

Analyst Contacts:

Mr. Sabyasachi Majumdar (Tel. No. +91 124 4545304)
sabyasachi@icraindia.com

Mr. Manish Ballabh (Tel. No.+91 124 4545812)
manish.ballabh@icraindia.com

Mr. Gaurav Singla (Tel. No. +91 124 4545366)
gaurav.singla@icraindia.com

Mr. Shubham Gupta (Tel. No. +91 124 4545823)
shubham.gupta@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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** **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	