

## EFTEC (India) Private Limited

Instrument	Amount	Rating Action
Long term/Short term – Fund Based/Non Fund Based	Rs. 17.00 crore	[ICRA]BBB+(Stable) / [ICRA]A2 Reaffirmed

ICRA has reaffirmed the long term rating of [ICRA]BBB+ (pronounced ICRA triple B plus) and the short term rating of [ICRA]A2 (pronounced ICRA A two) for Rs. 17.00 crore fund based and non fund based facilities of EFTEC (India) Private Limited (EIPL)†. The outlook on the long term rating is Stable.

The reaffirmation of rating continues to draw comfort from EIPL's strong parentage as a wholly owned subsidiary of Switzerland based EMS Group (CHF 1.9 billion sales in CY2015), strong financial, technical and marketing support received from parent, established market position in bonding, coating, sealing and damping adhesives used in the domestic automobile industry backed by strong and stable clientele which includes Tata Motors Limited (TML), Renault-Nissan Automotive India Private Limited (Renault-Nissan), General Motors India Private Limited (GM), Volkswagen India Private Limited (VW) and Fiat India Automobiles Limited (Fiat) coupled with medium to long term contracts with clients. The ratings also factor in high entry barriers in the business owing to specialty products and technology combined with stringent vendor approval process of OEMs and EIPL's strong financial profile with low gearing and healthy coverage indicators. Also addition of new clients in current fiscal and near term is likely to provide revenue boost to the company over medium to long term.

The ratings, however, remain constrained by marginal revenue growth in FY2016 due to muted demand from its key clients and substantial dividend outflow to the parent in FY2016 to the tune of Rs.9.02 crore resulting in a fall in the net cash accruals. EIPL's profitability is susceptible to fluctuation in raw material prices linked to global crude oil prices and currency movement owing to high proportion of raw material import. The working capital intensity remains high with extended payment cycle of customers and high inventory levels though supported by credit period extended from group concerns. Client and geographical concentration risk is gradually reducing over the years with addition of new clients but still remains high with limited presence in after-market segment ICRA also takes note of modest scale of operations with company's presence limited to small product range within parent's vast product offerings and exposure to inherent cyclicity of automotive industry; though healthy volume growth outlook for key customers in near to medium term is expected to support revenue growth and overall profitability of the company, going forward.

### Company Profile

EIPL is engaged in niche segment of manufacturing and supplying bonding, coating, sealing and damping adhesives used in the automobile industry. The company manufactures wax and polyvinyl chloride products and supplies to leading automobile manufacturers in India, including TML, Renault-Nissan, GM, Fiat and VW. EIPL is wholly owned subsidiary of EMS Group, Switzerland. The company has its manufacturing unit in India located at MIDC Ranjangaon in Pune district of Maharashtra.

### Recent Results

EIPL reported OPBDIT of Rs. 15.08 crore in FY2016 on an operating income of Rs. 96.73 crore. The company had reported PAT of Rs. 8.52 crore during the same period (unaudited financials).

**September 2016**

† For complete rating definition, please refer to ICRA website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications.



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