



Ecocat (India) Private Limited

Instrument	Amount	Rating Action
Term loans	Rs. 5.69 Crore	[ICRA]BBB- (Stable) reaffirmed
Cash Credit	Rs. 18.00 Crore	[ICRA]BBB- (Stable) reaffirmed
Non-fund based facilities	Rs. 0.10 Crore	[ICRA]A3 reaffirmed
Proposed Fund Based facilities	Rs. 4.21 Crore	[ICRA]BBB- (Stable) reaffirmed
Total	Rs. 28.00 Crore	

ICRA has reaffirmed the [ICRA]BBB-/ [ICRA]A3 (pronounced ICRA triple B minus/ICRA A three) ratings for the Rs. 28.0 Crore bank facilities of Ecocat (India) Private Limited (EIPL)[†]. The outlook on long-term rating has been reaffirmed as “Stable”.

The reaffirmation of rating takes into account the healthy ramp up in revenues that EIPL has been able to achieve as a result of business acquired from domestic OEMs. The ratings also factor in favourably the long experience of the promoter - Ecocat Oy (Finland), in the catalytic converter business as well as the integrated manufacturing setup of the company with most of the operations being done in-house. The ratings are, however, constrained by the company's moderate financial risk profile characterized by relatively high gearing and moderate debt coverage indicators. The company is also exposed to regulatory risk as the demand for catalytic converters changes with changes in emission norms. In ICRA's view, the company's ability to sustain its financial risk profile in the context of moderate capex plans would remain key rating sensitivity going forward.

Company Profile

Incorporated in 1991, EIPL is a Joint Venture between Ecocat Oy (Finland) and Vikas Group; set up for manufacturing of catalytic converters for automotive applications. The company has a production facility located in Faridabad with an installed capacity of assembly of 7,00,000 catalytic converters per annum. The company performs Rolling, coating and canning operations of catalytic converters manufacturing with the substrate being imported from its JV partner.

About the promoter companies/group

Ecocat Oy, Finland

Ecocat Oy develops, manufactures, and distributes substrates and catalytic converters for petrol and diesel motor vehicles, small engines, aftermarket, and industrial applications. The company has manufacturing locations in Italy, India, Romania, Sweden, Turkey, the United States, the United Kingdom, Germany, Russia, China, and Korea. Ecocat Oy was founded in 1985 as Vihtavuori Group and changed its name to Kemira Specialty Products in 1990, Kemira Metalkat Oy in 1994 and finally Ecocat Oy in 2003.

Vikas Group

Sanden Vikas (India) Ltd. (SVL), Vikas group's flagship company, is one of the suppliers of A/C systems for automotive applications and has a strong customer base with customers like Suzuki, Honda, Ford, etc. SVL and the other group companies are involved in manufacture of air-conditioning parts like Compressors, HVACs, Blowers, Receiver Driers, Hoses & Pipes, High Precision Machined parts and Injection Moulded parts.

[†]“For complete rating definitions, please refer to the ICRA website www.icra.in or any of the ICRA Rating Publications”



Recent Results

In 9m 2011-12, EIPL reported an operating income of Rs. 87.4 crore. The company's operating profit before depreciation, interest and tax stood at Rs. 13.1 crore. The company recorded Profit after Tax (PAT) of Rs. 4.8 crore.

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