

Ester Industries Limited

September 21, 2018

Summary of rated instruments

Instrument	Rated Amount(Rs. crore)	Rating Action
Term Loan	95.0	[ICRA]BBB-(Stable); withdrawn
Long term fund based	60.0	[ICRA]BBB-(Stable); withdrawn
Short Term fund Based	90.0	[ICRA]A3; withdrawn
Short term non-fund based	126.0	[ICRA]A3; withdrawn
Total	371.0	

*Instrument details are provided in Annexure-1

Rating action

ICRA has withdrawn the long-term rating of [ICRA]BBB- (pronounced ICRA triple B minus) with Stable outlook assigned to Rs. 60.0 crore fund-based long-term bank limits and Rs. 95.0 crore term loans of Ester Industries Limited (EIL). ICRA has also withdrawn the short-term rating of [ICRA]A3 (pronounced ICRA A three) assigned to the Rs. 90.0 crore fund based and Rs. 126.0 crore non-fund-based bank limits of EIL. The ratings have been withdrawn in accordance with ICRA's policy on withdrawal and suspension.

Rationale

The ratings assigned to the bank facilities of EIL have been withdrawn at the request of the company and based on the no objection certificate provided by the lenders.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[ICRA Policy on Withdrawal and Suspension of Credit Rating](#)

About the company:

Incorporated in 1985, Ester Industries Limited (EIL) is engaged in the manufacture of polyester films, polyester chips including speciality polymer and engineering plastics. The manufacturing facilities of EIL are located in Khatima (Uttarakhand). Mr. Arvind Singhania is the current Chairman of EIL. As on March 31, 2016, the company's manufacturing capacities stood at 107,000 metric tonnes per annum (MTPA) for Poly Ethylene Terephthalate (PET or polyester) chips; 57,000 MTPA for polyester/PET films; 13,200 MTPA for metalized films; and 16,500 MTPA for engineering plastics.

Key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	706.9	812.4
PAT (Rs. crore)	-10.9	5.3
OPBDIT/OI (%)	6.0%	8.8%
RoCE (%)	2.9%	6.9%
Total Debt/TNW (times)	1.0	1.1
Total Debt/OPBDIT (times)	6.3	4.3
Interest coverage (times)	1.3	2.2

Source: ICRA estimates; OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work in Progress)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)				Chronology of Rating History for the past 3 years						
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating		Date & Rating in FY2018		Date & Rating in FY2017		Date & Rating in FY2016
				September 2018	August 2018	September 2017	December 2016	August 2016	October 2015	
Term Loan	Long Term	90.0	90.0	[ICRA]BBB-(Stable) withdrawn	[ICRA]BBB-(Stable)	[ICRA]BBB-(Negative)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)
Fund based	Long Term	60.0	-	[ICRA]BBB-(Stable) withdrawn	[ICRA]BBB-(Stable)	[ICRA]BBB-(Negative)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)
Fund based	Short Term	90.0	-	[ICRA]A3 withdrawn	[ICRA]A3	[ICRA]A3	[ICRA]A3	[ICRA]A3	[ICRA]A3+	[ICRA]A3+
Non fund based	Short Term	126.0	-	[ICRA]A3 withdrawn	[ICRA]A3	[ICRA]A3	[ICRA]A3	[ICRA]A3	[ICRA]A3+	[ICRA]A3+

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Term Loan-1	Jan-2010	12.30%	Mar-2019	6.5	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-2	Feb-2014	12.30%	Mar-2019	11.4	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-3	Mar-2015	12.30%	Dec-2019	10.0	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-4	Aug-2010	12.45%	Mar-2019	6.4	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-5	Mar-2015	12.45%	Mar-2020	5.0	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-6	Jun-2010	12.15%	Mar-2019	7.3	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-7	Aug-2010	12.30%	Mar-2019	6.5	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-8	Sep-2013	12.30%	Jun-2019	4.4	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-9	Aug-2013	12.30%	Jun-2018	1.9	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-10	Aug-2010	12.45%	Mar-2019	7.6	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-11	Sep-2016	12.30%	Aug-2021	8.1	[ICRA]BBB- (Stable) withdrawn
-	Term Loan-12	Mar-2016	11.75%	Mar-2021	20.0	[ICRA]BBB- (Stable) withdrawn
-	Long Term-fund based	-	-	-	60.0	[ICRA]BBB- (Stable) withdrawn
-	Short term-fund based	-	-	-	90.0	[ICRA]A3 withdrawn
-	Short term-non-fund based	-	-	-	126.0	[ICRA]A3 withdrawn

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For more information, visit www.icra.in

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