

January 04, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	17.00	SMERA B-/Stable (Assigned)
Cash Credit	7.50	SMERA B-/Stable (Assigned)
Letter of Credit	9.00	SMERA A4 (Assigned)
Bank Guarantee	1.50	SMERA A4 (Assigned)
Forward contract	0.50	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA B minus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of Epitome Petropack Limited (EPL). The outlook is '**Stable**'. The ratings are constrained by the company's below average financial profile marked by high gearing and weak debt protection metrics; and stretched liquidity position reflected from full utilisation of bank lines and insufficient net cash accruals to meet its term debt obligations. However, SMERA derives comfort from regular fund infusions by the promoters of EPL in the form of equity and unsecured loans. The ratings are also constrained by net losses and limited track record of operations. However, the ratings draw support from the moderate scale of operations, healthy revenue growth and reputed clientele.

### Outlook: Stable

SMERA believes EPL will maintain a stable business risk profile in the medium term on account of its modest scale of operations and healthy revenue growth. The outlook may be revised to 'Positive' if the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

### Rating Sensitivity Factors

- Scaling up of operations and improvement in profitability
- Improvement in Capital structure

### About the Company

EPL, established in 2011 is a Kolkata-based company engaged in the manufacture of PET Preforms used in making bottles. The company's factory is located at West Bengal. The overall operations are managed by the Directors, Mr. Sumit Poddar and Shri Ashok Surana.

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For FY2014–15, BFL reported profit after tax (PAT) of Rs. (5.51) crore on total operating income of Rs.56.45 crore, as compared with (PAT) of Rs.(5.62) crore on total operating income of Rs.41.76 crore in FY2013–14.

### Contact List

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: <a href="mailto:pooja.ghosh@smera.in">pooja.ghosh@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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