



Press Release
EASTERN POLYCAST INDUSTRIES LIMITED
March 20, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	57.50	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	32.50	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	90.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of ‘ACUITE BBB-’ (read as ACUITE triple B minus) and the short-term rating of ‘ACUITE A3’ (read as ACUITE A three) on the Rs.90.00 Cr. bank facilities of Eastern Polycraft Industries Limited (EPIL). The outlook remains ‘Stable’.

Rationale for rating reaffirmation

The rating reaffirmation considers the moderation in scale of operations albeit improvement in profitability. The rating also factors in the experienced management and the reputed client base of the company. These strengths are, however, offset by the moderate financial risk profile, working capital intensive nature of operations and the competitive industry.

About the Company

Incorporated in 1997, Eastern Polycraft Industries Limited (EPIL) is engaged in the manufacturing of plastic moulded container products through injection & blow moulding which are primarily used in the lubricants, edible oil, paint and fertilizer industry. The company is managed by Mr. K. C. Padia, Mr. Vijay Padia and Mr. Ajay Padia. EPIL has four units, two in West Bengal (Bhadreswar and Uluberia) and two in Rajasthan (Bhiwadi). EPIL, is in the process of setting up a new plant at Kharagpur, West Bengal which is expected to commence operations in April 2025.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of EPIL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and long operational track record

EPIL is managed by Mr. K. C. Padia, Mr. Vijay Padia and Mr. Ajay Padia, having more than four decades of

experience in the industry. The company has a long track record of operations of over two decades and has established healthy relationships with the reputed PSUs and private players, Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL), Haldia Petrochemicals Limited (HPCL), Asian Paints Ltd to name a few. Acuité believes the healthy client relationships and the experienced management will continue to benefit the company going forward.

Moderation in the operating revenues albeit improvement in profitability

The scale of operations of the company moderated to Rs.198.45 Cr. in FY2024 from Rs.216.51 Cr. in FY2023 on account of lower realizations. The company achieved revenues of Rs.185 Cr. in 10MFY2025 which is expected to further moderate the scale. The company is adding a new plant at Kharagpur, West Bengal which is expected to augment the scale of operations to an extent. The operating margins however improved to 9.54 per cent in FY2024 from 7.71 per cent in FY2023. The PAT margin, stood at 1.72 per cent in FY2024 as against 1.38 per cent in FY2023. Acuité believes that, the company's scale of operations is expected to improve over the medium term owing to the ongoing capex plans.

Weaknesses

Moderately intensive working capital operations

The company has moderately intensive working capital operations marked by Gross Current Asset (GCA) of 148 days in FY2024 as compared to 149 days in FY2023. The GCA days remained stable on account of similar inventory period as well as the debtor cycle. The inventory days stood at 85 days as on 31st March, 2024 as compared to 80 days as on 31st March, 2023. The debtor period stood at 58 days as on March 31, 2024 as compared to 59 days as on March 31, 2023. The creditor days stood at 98 days as on 31st March 2024 as compared to 100 days as on 31st March 2023. The fund-based limit remained highly utilized at 94.73 per cent over the five months ended January 2024. Acuité believes that the company's operations would remain working capital intensive on account of higher inventory holding period.

Moderate financial risk profile

The company's financial risk profile remained moderate marked by modest capital structure and debt protection metrics. The tangible net worth of the company increased to Rs.37.75 Cr. as on 31st March, 2024 from Rs.34.33 Cr. as on 31st March, 2023. Gearing of the company improved to 1.61 times as on 31st March, 2024 from 1.65 times as on 31st March, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.71 times as on 31st March, 2024 as compared to 3.07 times as on 31st March, 2023. However, the debt protection metrics of the company is moderate, marked by Interest Coverage Ratio at 2.07 times and Debt Service coverage ratio at 1.20 times as on 31st March, 2024. The Net Cash Accruals/Total Debt (NCA/TD) stood low at 0.14 times as on 31st March, 2024. The company is undergoing a capex plan to set up a new plant in Kharagpur which is expected to commence operations in April 2025. The total cost is around Rs. 24.00 Cr. which is to be financed by term loan of Rs. 15.00 Cr. and rest by internal accruals. Acuité believes that the financial risk profile of the company expected to remain moderate on the back of debt funded capex plan.

Exposure to competitive space

EPIL operates in a competitive and fragmented industry with several players engaged in the moulded plastic products industry in organized and unorganized sector. Thus, the company faces pricing pressure from other competitors which limits its bargaining power.

Rating Sensitivities

- Growth in the scale of operations while improving profitability margins.
- Deterioration in financial risk profile owing to higher than expected debt funded capex.
- Elongation in working capital cycle.

Liquidity Position

Adequate

The company's adequate liquidity position is marked by net cash accruals Rs.8.57 Cr. in FY2024 as against long term debt repayment of Rs.7.39 Cr. over the same period. The current ratio stood moderate at 1.03 times as on 31st March, 2024 as against 1.08 times as on 31st March, 2023. The cash and bank balances stood at Rs.0.23 Cr. in FY2024 as against Rs. 0.17 Cr. in FY2023. The fund-based limit remained utilized at ~94.73 per cent over the five months ending January, 2024. Acuité believes that going forward the liquidity position of the company will remain adequate over the medium term due to the steady accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	198.45	216.51
PAT	Rs. Cr.	3.42	2.98
PAT Margin	(%)	1.72	1.38
Total Debt/Tangible Net Worth	Times	1.61	1.65
PBDIT/Interest	Times	2.07	2.14

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Dec 2023	Bank Guarantee (BLR)	Short Term	8.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	24.50	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	20.50	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	37.00	ACUITE BBB- Stable (Reaffirmed)
10 Oct 2022	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	28.50	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	8.89	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	9.33	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	37.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.28	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A3 Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	37.00	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.50	Simple	ACUITE A3 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.51	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2026	0.44	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2026	0.46	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2028	4.09	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2031	15.00	Simple	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

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