

December 20, 2013

Facilities	Amount (Rs. Crore)	Ratings
Corporate Loan	3.77	SMERA BB+/Stable (Assigned)
Cash Credit	13.00	SMERA BB+/Stable (Assigned)
Letter of credit	15.00	SMERA A4+ (Assigned)
Bank Guarantee	2.00	SMERA A4+(Assigned)

SMERA has assigned a long-term rating of '**SMERA BB+**' (read as SMERA Double B Plus) and a short-term rating of '**SMERA A4+**' (read as SMERA A Four Plus) to the Rs.33.77 crore bank facilities of East India Technologies Private Limited (EITPL). The outlook is '**Stable**'. The ratings are supported by the company's long track record of operations, experienced management, strong customer base and moderate financial risk profile characterized by low leverage and moderate coverage indicators. However, the ratings are constrained by the company's moderate scale of operations in a highly competitive and fragmented packaging industry. The ratings are also constrained by the company's exposure to raw material price volatility.

EITPL, established in 1987, is a Noida-based company engaged in manufacturing of expanded polystyrene (EPS) thermocol packaging material. EITPL is also involved in manufacturing and assembling of television sets and power distribution units. The company benefits from its experienced management. Mr. B. L. Bothra, Director of EITPL, has over three decades of experience in the packaging industry. EITPL is an approved vendor for several reputed consumer durable companies including Samsung, Panasonic, Whirlpool, Carrier and Daikin. EITPL also benefits from a diversified customer base, which includes clients across electronics, ceramics and automobile industry.

EITPL has low leverage at 0.68 times as on March 31, 2013. The company's interest coverage is moderate at 1.95 times in FY2012-13 (refers to financial year, April 01 to March 31). EITPL's debt service coverage ratio (DSCR) is low at 0.87 times in FY2012-13, mainly due to repayment of term loan of Rs.6.32 crore during the same year. However, the company's DSCR is projected to remain at comfortable levels due to complete repayment of long-term debt. EITPL's average utilisation of cash credit limit is ~93 per cent during April 2013 to August 2013.

EITPL has a moderate scale of operations with revenues of Rs.96.98 crore in FY2012-13. The company faces intense competition from several players in the packaging industry. EITPL is exposed to raw material price volatility. The company's main input (thermoplastic granules) is derived from polystyrene — a petroleum-based product.

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Outlook: Stable

EITPL has a 'Stable' outlook. SMERA believes that EITPL will continue to benefit from its established business track record and experienced management. The company's ability to scale up operations while improving profitability and achieving efficient working capital management is a key rating sensitivity.

About the company

EITPL, established in 1987, is an ISO 9001:2008 and ISO 14001 certified company engaged in manufacturing of EPS thermocol packaging material. EITPL is also involved in manufacturing and assembling of television sets and power distribution units. The company has a registered and administrative office in Greater Noida, Uttar Pradesh. EITPL's overall operations are managed by Mr. B. L. Bothra, Mr. L. P. Bothra, Mrs. S. D. Bothra and Mr. Rajat Bothra.

For FY2012-13, EITPL reported PAT of Rs.1.96 crore on operating income of Rs.103.05 crore, as compared with PAT of Rs.0.35 crore on operating income of Rs.78.17 crore for FY2011-12. The company's net worth stood at Rs.37.61 crore as on March 31, 2013, as compared with Rs.35.65 crore a year earlier.

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