

July 07, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA B/Stable (Assigned)
Term Loan I	1.02	SMERA B/Stable (Assigned)
Term Loan II	3.76*	SMERA B/Stable (Assigned)
Letter of Credit	1.90	SMERA A4 (Assigned)
Bank Guarantee	0.50	SMERA A4 (Assigned)

**Includes Buyers Credit as a sublimit to the extent of Rs.3.76 crore for three years*

SMERA has assigned a long-term rating of '**SMERA B' (read as SMERA B)** and a short-term rating of '**SMERA A4' (read as SMERA A four)** to the Rs.10.18 crore bank facilities of Zebra Pack Private Limited (ZPPL). The outlook is '**Stable**'. The ratings are constrained by low scale of operations, declining profitability and low capital employed. The ratings are also constrained by the company's working capital-intensive operations and the highly competitive and fragmented multilayer plastic film industry. However, the ratings draw support from the company's experienced management and moderate financial risk profile.

ZPPL, incorporated in 2004, is a Kolkata-based company engaged in the manufacture of multilayer plastic film and printed bags. The company operates at a relatively small scale with operating income of Rs.6.14 crore as on March, 31 2014. ZPPL's PAT (profit after tax) for FY2013-14 (refers to financial year, April 01 to March 31) stood at Rs.0.04 crore as compared to PAT of Rs.0.06 in FY2012-13. The capital employed stood at a low of 4.30 times as on March, 31 2014. The operations of the company have been working capital-intensive with elongated working capital cycle of around 214 days in FY2014. The inventory holding was high at 217 days for FY2014. Further, collection and payable days were 99 and 102 days respectively for FY2014. The Indian flexible packaging industry is highly fragmented on account of the low capital intensity, limited entry barriers and easy availability of raw materials.

ZPPL benefits from its experienced management. The company directors, Mr. Rohit Anchalia and Mr. Mukesh Chand Bothra, have around a decades experience in the company's line of business. ZPPL's moderate financial risk profile is reflected in the low debt-equity ratio of 0.81 times as on March 31, 2014 and comfortable interest coverage ratio of 2.64 times in FY2013-14.

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Outlook: Stable

SMERA believes ZPPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers sustained growth in revenues while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the company's revenues, or in case of stretch in the company's working capital cycle.

About the Company

ZPPL, incorporated in 2004, is a Kolkata -based company promoted by Mr. Rohit Anchalia and Mr. Mukesh Chand Bothra to manufacture multilayer plastic film and printed bags for the packaging industry. The company's manufacturing unit is at Howrah (Kolkata).

ZPPL reported net profit after tax of Rs.0.04 crore on operating income of Rs.6.14 crore for FY2013-14 as against net profit after tax of Rs.0.06 crore on operating income of Rs.6.11 crore in the previous year. The company's net worth stood at Rs.6.92 crore as on March 31, 2014, compared with Rs.5.28 crore a year earlier.

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