

Zebra Pack Private Limited: Upgraded

Name of the Instruments	Amount (Rs. Crore)	Ratings/Outlook
Term Loan	3.76*	SMERA B+/Stable (Upgraded from SMERA B/Stable)
Cash Credit	3.00	SMERA B+/Stable (Upgraded from SMERA B/Stable)
Letter of Credit	1.90	SMERA A4 (Reaffirmed)
Bank Guarantee	0.50	SMERA A4 (Reaffirmed)
Short Term Bank Facility (Proposed)	1.02	SMERA A4 (Reaffirmed)

*Sublimit for Buyer's Credit to the extent of Rs.3.76 crore

SMERA has upgraded the long term rating of '**SMERA B+**' (read as **SMERA B plus**) and reaffirmed the short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.10.18 crore bank facilities of Zebra Pack Private Limited (ZPPL). The outlook is '**Stable**'. The ratings continue to reflect ZPPL's small scale of operations, low profitability and working capital intensive business. The ratings are also constrained by the company's exposure to the highly competitive and fragmented plastic industry. However, the ratings continue to draw support from the experienced management and average financial risk profile marked by comfortable gearing, debt protection metrics and liquidity profile.

Update

ZPPL reported revenue of Rs.8.68 crore in FY2015 compared to Rs.6.14 crore in FY2014, a growth of 41 per cent from FY2014. The company registered gross revenue of Rs.14.73 crore in FY2016 (Provisional), an increase of 51 per cent from the previous year on account of increase in production capacity leading to higher sales. The operating margins fell to 8.25 per cent in FY2015 from 9.34 per cent in FY2014. The gearing ratio has remained comfortable at 1.22 times in FY2015 as compared to 0.81 times in FY2014. The interest coverage ratio also improved to 2.84 times in 2015 as against 2.64 times in 2014. The liquidity profile remains comfortable with average bank limit utilisation of 50 per cent through FY2016.

ZPPL's gross current assets remain stretched at 329 days in FY2015 as compared to 414 days in FY2014. Inventory and debtors stand at 79 and 82 days respectively in FY2015.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Efficient working capital management

Outlook-Stable

SMERA believes that ZPPL will maintain a stable outlook in the medium term and benefit from the experience of its promoters. The outlook may be revised to 'Positive' if the company scales up its operations significantly while improving profitability and working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues or weakening of liquidity due to larger-than-expected working capital requirements.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

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. The company's manufacturing unit is located at Howrah, Kolkata.

For FY2014-15, ZPPL reported net loss of Rs.0.20 crore on total operating income of Rs.8.70 crore, as compared with Profit after Tax (PAT) of Rs.0.04 crore on total operating income of Rs.6.14 crore in FY2013-14.

Rating History

Date	Name of the Instruments	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
7 July, 2015	Term Loan	4.78*	SMERA B (Assigned)	-	Stable
	Cash Credit	3.00	SMERA B (Assigned)	-	Stable
	Letter of Credit	1.90	-	SMERA A4	-
	Bank Guarantee	0.50	-	SMERA A4	-

**Sublimit for Buyer's Credit to the extent of Rs.3.76 crore for three years*

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ABOUT SMERA

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