

AMZ Packaging Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan**	7.70	SMERA B-/Stable (Reaffirmed)
Cash Credit*	1.00	SMERA B-/Stable (Reaffirmed)
Bank Guarantee	0.05	SMERA A4 (Reaffirmed)

*Inland/Foreign LC sublimit to Cash Credit of Rs.0.20 crore

**Buyer's Credit as a sublimit to Term Loan of Rs.5.10 crore

SMERA has reaffirmed the long term rating of '**SMERA B-**' (read as **SMERA B minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.8.75 crore bank facilities of AMZ Packaging Private Limited (AMZ). The outlook is '**Stable**'.

The ratings continue to be constrained by the company's nascent stage of operations and modest revenues. The ratings are further constrained by the weak financial risk profile and the highly competitive plastic industry. However, the ratings are supported by the experienced management.

Update

AMZ, established in 2013, is engaged in the manufacture of bottle caps and closures used in the packaging of drinking water, phenyl edible oil to name a few. The company commenced operations from April, 2015. The scale of operations of AMZ is modest with revenues of around Rs.3.74 crore and net losses of Rs.1.08 crore in FY2015-16 (provisional). The financial risk profile is weak with high gearing at around 2.99 times and low interest coverage at 1.24 times in FY2015-16 (provisional). Further, the GCA days stand high at around 188 in FY2015-16 (provisional).

Rating Sensitivity Factors

- Generating adequate operating cash flows to service debt obligations
- Scaling up operations while maintaining a comfortable capital structure

Criteria applied to arrive at the ratings:

- Manufacturing Entities

Outlook – Stable

SMERA believes that AMZ will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers healthy scalability while achieving comfortable profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial profile.

About the Company

AMZ, incorporated in 2013, is a Kolkata-based company that manufactures bottle caps and closures used in the packaging of drinking water, phenyl and edible oil. The company was promoted by Mr. Jitendra Surana, Mr. Ankit Surana and others. AMZ commenced commercial operations from April, 2015.

For FY2015-16 (provisional), AMZ reported net losses of Rs.1.08 crore on operating income of Rs.3.74 crore, as compared to net losses of Rs.0.15 crore on operating income of Rs.0.01 crore in FY2014-15.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
04 Sept, 2015	Term Loan	7.70**	SMERA B- (Assigned)	-	Stable
	Cash Credit	1.00*	SMERA B- (Assigned)	-	Stable
	Bank Guarantee	0.05	-	SMERA A4 (Assigned)	-

*Inland/Foreign LC sublimit to Cash Credit of Rs.0.20 crore

**Buyer's Credit as a sublimit to Term Loan of Rs.5.10 crore

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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