

Rating Rationale

Brickwork Ratings revises ratings to 'BWR BBB' & 'BWR A3+' for AMD Industries Limited's Bank Loan Facilities aggregating ₹ 120.04 Cr.

Brickwork Ratings (BWR) has revised the **Ratings**¹ for the Bank Loan Facilities of AMD Industries Limited ("AMDIL" or "the Company") as follows:

Facility	Previous Amount (₹ Cr)	Present Amount (₹ Cr)	Tenure	Rating History January 2014	Present Rating
Fund Based:					
Cash Credit	25.00	25.00	Long Term	BWR BBB- (Stable)	BWR BBB (Stable) Revised
Term Loans	40.22	55.04	Long Term		
Non Fund Based:					
SLC	5.00	5.00	Long Term	BWR A3	BWR A3+ (Revised)
LC/BG	35.00	35.00	Short Term		
Total	105.22	120.04	INR One Hundred and Twenty Crores & Four Lakhs Only		

BWR has essentially relied upon the Company's Audited financial results up to FY14, projections upto FY 16, publicly available information and the information/clarifications provided by the Company.

The Rating continues to draw strength from the industry experience of the promoters, established track record in packaging for the carbonated soft drink business supported by its strong relationships with customers and AMDIL's ability to compete with global suppliers. The ratings also factor the company's adequate financial risk profile, with improving gearing and debt protection metrics, driven by healthy cash accruals. However, the rating is constrained by the stiff competition in the industry leading to limited pricing power for the Company,

¹ Please refer to www.brickworkratings.com for definition of the Ratings

susceptibility of AMDIL's operating profitability to volatility in raw material prices and exposure to risks related to product substitution, working capital intensive nature of operations, seasonality involved in the operations, intergroup transactions and large exposure to the subsidiary company engaged in the real estate business.

Company Profile

AMD Industries Ltd was incorporated in 1983. The Company has been engaged in the business of packaging for carbonated soft drinks since its inception and is continuously catering to the domestic and overseas Beverages and Beer Industry like Coco Cola, Pepsico, Hindustan Lever Limited, Foster India Limited, United Breweries, SAB Miller PLC etc. The Company has three product lines which include Crown Caps (Metallic closures for glass bottles), PET Preforms and Plastic Closures. The Company has two manufacturing facilities based in Ghaziabad (Uttar Pradesh) and Neemrana (Rajasthan). Current Capacity of the plants is 21600 MT per annum. Approximately 40% of the Crown Cap segment is exported. The Company has established relationships with global customers such as Coca Cola, United Breweries, SAB Miller and other beverage companies in the CSD segment.

The Company has two subsidiaries, AMD Estates & Developers Private Limited (AMDEPL) and Prime Techno Build Private Limited. AMDIL, through its subsidiary AMDEPL, is developing a Commercial Complex at Sector-114, Gurgaon, Haryana in collaboration with VSR Infratech Private Limited, New Delhi. During FY 14, the Company has received revenue of Rs.3.80 Cr from this project. AMD Estates & Developers Private Limited owns the land which is being developed by VSR Infratech Private Limited, New Delhi. AMDIL expects the project to be completed by December 2016. AMDIL has also extended a corporate guarantee for the loan sanctioned to AEDL for ₹ 23.00 Crores. The other subsidiary of the Company Prime Techno Build Private Limited only owns land in its name and does not undertake any business activity.

Promoter Details

The promoters of the company are Mr. Harswaroop Gupta, M. Ashok Gupta and Mr. Adit Gupta.. The overall responsibility of the management of the unit is vested with the Board of Directors of the Company with adequate number of technical and administrative staff, skilled and unskilled workers available at operational level.

Financial Performance

On a consolidated basis, AMDIL's operating income has increased by 21% from ₹ 156.94 Crores in FY13 to ₹ 190.49 Crores in FY14. AMDIL has reported net profit of ₹ 5.65 Crores for the year

ending March 31, 2014 as compared to net profit of ₹ 1.09 Crores for the year ending March 31, 2013. The rise in profit in FY 14 is mainly due to increase in volume of its products. Tangible Net worth was ₹ 108.48 Crores as on March 31, 2014 as against ₹ 104.81 Crores as on March 31, 2013. Overall gearing ratio stood at 0.99 times in FY14. On a provisional basis, AMDIL has reported Total Operating Income of ₹ 116 crores for 9M FY15 (period ended Dec 2014).

Rating Outlook

The rating outlook of the Company is expected to be stable for the current year. The Company's ability to maintain revenue in the Crown Cap business, expand the Pet Preform & Plastic closures portfolios and achieve significant sale in the Gurgaon project will be the key rating sensitivities going forward. The importance for AMDIL to develop its real estate subsidiary as an independently viable entity not leaning on the parent for financial support cannot be overstated. This would help AMDIL to improve its efficiency in all parameters in its core business of PET processing.

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