

Rating Rationale

Brickwork Ratings reaffirms “BWR BBB/A3+” for the Bank Loan Facilities of Rs. 120.36 Cr of AMD Industries Limited.

On a review, Brickwork Ratings (BWR) has reaffirmed the following **Rating¹** for the Bank Loan Facilities of Rs. 120.36 Cr (One Hundred Twenty Crores & Thirty Six Lakhs Only) to AMD Industries Limited (AMDIL or the ‘Company’) as under:

Facility	Previous Amount (Rs. Cr)	Rating Amount (Rs Cr)	Tenure	Rating History	Ratings after review ¹
Fund Based					
Cash Credit	25.00	25.00	Long Term	BWR BBB (BWR Triple B) Outlook: Stable January 2015	BWR BBB (BWR Triple B) Outlook: Stable (Reaffirmed)
Term Loans	55.04	55.36			
Non Fund Based					
SLC	5.00	5.00	Short Term	BWR A3 + (BWR A Three Plus) January 2015	BWR A3 + (BWR A Three Plus) (Reaffirmed)
Bank Guarantee/LC	35.00	35.00			
Total	120.04	120.36	120.36 Cr (INR One Hundred Twenty Crores & Thirty Six Lakhs Only)		

BWR has principally relied upon the audited financial statements upto FY15, projected financials for FY16 & FY17, publicly available information and information/clarifications provided by the company's management.

The ratings continue to draw comfort from the extensive industry experience of the promoters, comfortable financial risk profile marked by low gearing ratio, established relationship with its clients, frequent addition to its current installed capacity and adequate cash accruals supported by modest networth in FY15. The ratings are, however, constrained by below average debt

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

protection metrics, lower turnover and profitability than its projected levels in FY15, working capital intensive nature of operations and stiff competition in the industry leading to limited pricing power of the Company.

Background:

AMD Industries Ltd was incorporated in 1983. The Company is engaged in the business of packaging for carbonated soft drinks, and caters to the domestic and overseas beverages industry. Clients include Coco Cola, PepsiCo, Hindustan Lever Limited, Foster India Limited, United Breweries, SAB Miller PLC amongst others. 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 at Ghaziabad (Uttar Pradesh) and Neemrana (Rajasthan). The current annual capacity of crown caps, PET preforms & plastic closures is 3,66,000 cases, 23000 tons & 9720 lakhs pieces, respectively.

AMDIL has acquired 80% share in AMD Estates & Developers Private Limited (AMDEPL) for developing a commercial complex at Sector 114, Gurgaon, Haryana. This project is being executed in collaboration with VSR Infratech Pvt. Ltd., New Delhi. The total saleable area in the project is 3 lacs sq.ft, out of which AMD Estates has share of approx. 1 lacs sq.ft.

Management Profile:

The promoters of the company are Mr. Harswaroop Gupta, M. Ashok Gupta and Mr. Adit Gupta. The overall responsibility of the management of the Company is vested with the Board of Directors who are supported by technical and administrative staff at the operational level.

Financial Performance:

The total operating income declined by around 4.38 % from Rs. 179.15 Cr in FY14 to Rs. 171.29 Cr in FY15. AMDIL reported PAT of Rs. 5.37 Cr in FY15 as against Rs. 6.15 Cr in FY14. However, available cash surplus (PAT plus Depreciation) has increased from Rs. 14.88 Crs in FY14 to Rs. 16.72 Crs in FY15. Tangible Net Worth stood at Rs. 121.29 Cr as on March 31 2015, as compared to Rs. 119.55 Cr as on March 31, 2014.

Rating Outlook

AMDIL's top line declined in FY15, mainly due to decline in the prices of crude oil and the sales of PET preforms. However, this was marginally set off by increase in volume in job work.

The outlook is expected to be stable over the current year. Going forward the ability of the company to improve its topline and profitability as projected, improve its debt protection metrics amidst increasing debt levels, achieve significant sale from its Gurgaon project and manage its working capital efficiently would be the key rating sensitivities.

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