

June 05, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA B+/Stable (Assigned)
Term Loan I	2.76	SMERA B+/Stable (Assigned)
Cash Credit	3.00	SMERA B+/Stable (Assigned)
Term Loan II	2.04	SMERA B+/Stable (Assigned)
Term Loan III	0.57	SMERA B+/Stable (Assigned)
Letter of Credit I	2.00	SMERA A4 (Assigned)
Letter of Credit II	1.00	SMERA A4 (Assigned)
Bank Guarantee I	0.75	SMERA A4 (Assigned)
Bank Guarantee II	0.25	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (**read as SMERA B plus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the abovementioned bank facilities of Electronica Plastic Machines Limited (EPML). The outlook is '**Stable**'. The ratings are constrained by decline in the company's operating income, working capital-intensive operations, low profitability and moderate financial risk profile. However, the ratings draw comfort from the company's long track record of operations, experienced management and established relations with customers and suppliers.

EPML, incorporated in 1993, is a Pune-based company engaged in manufacturing of plastic injection moulding machines and allied products. EPML's operating income has declined to Rs.50.85 crore in FY2013-14 from Rs.58.41 crore in FY2012-13 (refers to financial year, April 01 to March, 31) on account of slowdown in the capital goods segment. The company has earned revenue of Rs.52.15 crore in FY2014-15 (provisional). EPML's operations are working capital-intensive with gross current assets (GCA) of 154 days in FY 2013-14. The company has low net profit margin of 0.41 per cent and the net profit of Rs.0.11 crore is supported by non-operating income of ~Rs.0.77 crore in FY2013-14. EPML's moderate financial risk profile is reflected in debt-equity ratio of 1.20 times as on March 31, 2014 and interest coverage ratio of 1.53 times in FY2013-14. EPML has term loan repayment obligation of ~Rs.3.00 crore in FY2015-16, repayment of which is expected to be met through cash flow from sale of shares and sale of property located in Pune. However, the timely repayment of debt obligations is a key rating sensitivity.

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EPML benefits from its experienced management. The directors of the company have around two decades of experience in the capital goods industry. EPML also benefits from its established relations with customers and suppliers.

Outlook: Stable

SMERA believes EPML will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers substantial growth in scale of operations while achieving sustained improvement in profitability and financial risk profile. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile.

About the Company

EPML, incorporated in 1993, is a Pune-based company promoted by Mr. Prakash Ratnaparkhi, Mr. Aditya Ratnaparkhi and Mr. Amit Pendse. EPML was established with the demerger of the erstwhile Electronica Machines Tools Limited (EMTL) in 2010. The company is engaged in manufacturing of plastic injection moulding machines and allied products.

EPML reported PAT (profit after tax) of Rs.0.11 crore on total income of Rs.50.85 crore for FY2013-14, as compared with net loss of Rs.0.03 crore on total income of Rs.58.41 crore in FY2012-13. The company earned PBT of Rs.0.75 crore on total income of Rs. 52.15 crore in FY2014-15 (provisional). The net worth stood at Rs.13.31 crore as on March 31, 2014, as compared with Rs.13.26 crore a year earlier.

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