

Autopack Machines Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Overdraft	5.00	SMERA BB+/Stable (Assigned)
Bank Guarantee	2.00	SMERA A4+ (Assigned)
Bank Guarantee Proposed	2.00	SMERA A4+ (Assigned)

SMERA has assigned long term ratings of '**SMERA BB+**' (read as SMERA double B plus) to the Rs.5.00 crore long term bank facility and short term rating of '**SMERA A4+**' (read as SMERA A four plus) to the Rs.4.00 crore short term bank facility of Autopack Machines Private Limited (AMPL). The outlook is '**Stable**'.

The ratings draw support from the experienced management, long track record of operations and reputed clientele. The ratings are also strengthened by the moderate financial risk profile marked by comfortable net worth, adequate debt coverage indicators, average liquidity position and comfortable working capital cycle. However, the ratings are constrained by the modest scale of operations and susceptibility of profitability to volatility in raw material prices.

AMPL, established in 1978 is engaged in the manufacture of packing machines (filling, closing and wrapping). The directors possess over four decades of experience in the capital goods industry. The company has a reputed list of clients such as Unilever, Marico, Johnson & Johnson to name a few.

The moderate financial risk profile is marked by comfortable operating margins of 3.54 percent and net worth of Rs.8.37 crore in FY2016. Moreover the ROCE stood at 10.46 per cent, debt equity of 0.26 times, interest coverage ratio of 5.15 times and DSCR of 4.15 times in FY2016 stabilizes the risk quotient. The comfortable working capital cycle is marked by high creditor days and low debtor days in FY2016.

However, the margins of the company are susceptible to volatility in raw material prices. Any significant change in raw material prices due to import pressure would have an impact on the margins. The ratings are also constrained by the fact that the revenues are at a modest level despite a track record of almost four decades.

Rating Sensitivity Factors

- Sustained improvement in revenues while maintaining profitability
- Effective working capital management
- Deterioration in the capital structure

Outlook - Stable

SMERA believes that AMPL will maintain a stable outlook in the medium term while benefitting from its promoters' experience, average financial risk profile and reputed clientele. The outlook may be revised to 'Positive' if AMPL scales up operations and profitability while improving the working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability or the working capital cycle further elongates.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

AMPL was established by Mr. Saratchandran Bhaskaran and Ms Saroja Nair in 1978. The company is engaged in the manufacture of packing machines (filling, closing and wrapping) and caters to a several industries including pharmaceutical, cosmetics, chemical among others.

The company has three manufacturing units (two in Mumbai and one in Bangalore) with installed capacity of approximately 70-75 machines per annum.

For FY2015-16, AMPL reported profit after tax (PAT) of Rs 0.55 crore (provisional), on operating income of Rs.20.63 crore as compared with PAT of Rs 0.41 crore on operating income of Rs.16.41 crore in the previous year.

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ABOUT SMERA

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