



**Press Release**  
**Autopack Machines Private Limited**  
**August 05, 2024**  
**Rating Downgraded and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.90	ACUITE B+   Stable   Downgraded	-
Bank Loan Ratings	4.00	-	ACUITE A4   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	10.90	-	-

**Rating Rationale**

Acuite has downgraded its long term rating to '**ACUITE B+**' (read as **ACUITE B plus**) from '**ACUITE BB-**' (read as **ACUITE Double B minus**) and reaffirmed its short term rating of "**ACUITE A4**" (Read as **ACUITE A Four**) on the Rs.10.90 crore bank facilities of Autopack Machines Private Limited (AMPL). The outlook is '**Stable**'.

**Rationale for rating downgrade**

The rating downgrade considers the moderation recorded in the operating performance of the company in FY2024(Prov), also, it being falling short of Acuite's expected levels. The revenue declined to Rs.21.50 Cr. in FY2024(Prov.) from Rs.26.99 Cr. in FY2023. Further, the company incurred loss at operating level. The financial risk profile is below average marked by moderate gearing, low networth and poor debt coverage indicators. The rating is further constrained on account of intensive nature of working capital operations and poor liquidity position.

Going ahead, the ability of the company to improve its scale of operations, profitability and financial risk profile while avoiding any further elongation in its working capital operations will remain key rating monitorable.

**About the Company**

Mumbai-based, Autopack Machines Private Limited (AMPL) was established as a partnership firm in 1978 and later converted to a private limited company in 1981. The company is engaged in the manufacturing of packaging machines for liquid filling - wrapping and packing. The company has manufacturing plants in Bangalore and Mumbai (two in Mumbai and one in Bangalore). The production caters to various industries such as FMCG, pharmaceutical, cosmetics, and chemical among the others.

This company is directed by Mr. K P Balchandran Nair, Mr. Saratchandran Bhaskaran Saroja Nair, Mr. Suraj Balchandran Nair and Mr. Pramod Saratchandran Nair.

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of AMPL to arrive at the rating.

## Key Rating Drivers

### Strengths

#### **Long track record of operations and experienced management**

AMPL has long track record of operations. The management of AMPL has experience of more than four decades in the same line of business. The day to day operations of the company

are managed by Mr. K P Balchandran Nair, Mr. Saratchandran Bhaskaran Saroja Nair, Mr. Suraj Balchandran Nair and Mr. Pramod Saratchandran Nair who are well supported by experienced and qualified professionals. Acuite believes that AMPL will continue to benefit from its experienced management and long-standing relations with clients.

## **Weaknesses**

### **Below Average Financial Risk Profile**

The financial risk profile of AMPL is below average, marked by deteriorating gearing (debt to equity ratio) low net worth, and poor debt protection metrics. The gearing stood at 2.00 times as of March 31, 2024(Prov), against 1.34 times as of March 31, 2023. The TOL/TNW stood at 5.14 times as of March 31, 2024(Prov), compared to 3.49 times as of March 31, 2022.

The tangible net worth of the company stood at Rs. 3.70 Cr. as of March 31, 2024(Prov), compared to Rs. 6.27 Cr. as of March 31, 2023. The decline in net worth is primarily on account of loss incurred in FY2024(Prov.). The total debt of Rs. 7.39 Cr. as of March 31, 2024(Prov), consists long term debt of Rs. 0.61 Cr and short-term debt of Rs. 6.69 Cr. The debt protection metrics of interest coverage ratio stood poor at (1.11) times in FY2024(Prov) against 3.35 times in FY2023.

Going forward, the ability of the company to improve its financial risk profile will remain a key monitorable

### **Intensive nature of working capital operation**

AMPL's working capital operations are intensive marked by the high Gross Current Asset days (GCA) of 211 days in FY2024 (Prov) against 228 days in FY2023. The inventory days stood at 57 days in FY2024 (Prov) and 56 days in FY2023. The inventory consists of steel, rods, and consumable items (bottles, boxes, etc.).

The debtors' days stood at 108 days in FY2024 (Prov) against 169 days in FY2023. The payments are received against milestone completion and against advance and performance BG.

The creditors' days stood at 304 days in FY2024 (Prov) against 374 days in FY2023. The company enjoys a credit period of 60–90 days from their suppliers.

## **Rating Sensitivities**

Growth in revenue while improving profitability margins

Any further deterioration of its financial risk profile and liquidity position.

Any elongation of the working capital cycle leading to deterioration in debt protection metrics.

## **Liquidity Position**

### **Poor**

AMPL's liquidity position is poor, as reflected by negative net cash accruals, high bank limit utilisations and GCA days. AMPL generated cash accruals of Rs. (2.42) Cr. in FY2024(Prov). The cash accruals of the AMPL are estimated to remain in the range of Rs.(1.0) Cr. to Rs.1.00 Cr, over the medium term while its repayment obligations are estimated to be around Rs. 0.05 to Rs.0.10 Cr. over the same period.Liquidity is further constrained by its almost fully utilised working capital limits at 96.4 percent over the last six months ended June 2024. The current ratio stood below average at 0.91 times as of March 31, 2024(Prov). Unencumbered cash and bank balances stood at Rs 0.46 Cr. as of March 31, 2024(Prov).

Going forward, the liquidity position is expected to improve on account of expected increase in accruals generation.

**Outlook: Stable**

Acuité believes that AMPL will maintain a 'Stable' outlook over the medium term owing to its experienced management and long track record of operations. The outlook may be revised to 'Positive' if the company demonstrates substantial and sustained growth in its revenues from the current levels while improving its margins. Conversely, the outlook may be revised to 'Negative' in case the company registers lower than expected growth in revenues ,and profitability, or deterioration in its working capital management, or larger-than-expected debt funded capex leading to deterioration in its financial risk profile and liquidity.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	21.50	26.99
PAT	Rs. Cr.	(2.53)	3.67
PAT Margin	(%)	(11.77)	13.58
Total Debt/Tangible Net Worth	Times	2.00	1.34
PBDIT/Interest	Times	(1.11)	4.61

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 May 2023	Bank Guarantee/Letter of Guarantee	Short Term	4.00	ACUITE A4 (Reaffirmed)
	Secured Overdraft	Long Term	6.90	ACUITE BB-   Stable (Reaffirmed)
08 Feb 2022	Secured Overdraft	Long Term	6.90	ACUITE BB-   Stable (Downgraded from ACUITE BB   Stable)
	Bank Guarantee/Letter of Guarantee	Short Term	4.00	ACUITE A4 (Downgraded from ACUITE A4+)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE A4   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.90	ACUITE B+   Stable   Downgraded ( from ACUITE BB- )

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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