

August 26, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	8.00	SMERA BB-/ Stable (Reaffirmed)
Term Loan I	1.50	SMERA BB-/ Stable (Reaffirmed)
Term Loan II	1.50	SMERA BB-/ Stable (Reaffirmed)
Letter of Credit	4.40	SMERA A4+ (Reaffirmed)
Bank Guarantee	10.00	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed the long-term rating of '**SMERA BB-**' (**read as SMERA double B minus**) and the short-term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs.25.40 crores bank facilities of Alcob India Private Limited (formerly known as Alcob Systems Private Limited). The outlook is '**Stable**'. The ratings are constrained by the company's moderate scale of operations and working capital-intensive business. The ratings are also constrained by the company's exposure to the inherent cyclical in the real estate sector. The ratings factor in risks related to the company's stretched liquidity position. However, the ratings are supported by the company's experienced management, moderate gearing (debt-equity ratio) and reputed clientele.

Update

AIPL's revenues declined by ~14 per in FY2012-13 (refers to financial year, April 01 to March 31) to Rs.34.90 crore on account of reduction in order execution. The company registered revenue of Rs.38.24 crore (provisional) in FY2013-14. AIPL's profit margins remain susceptible to volatility in raw material (aluminium and glass) prices in the absence of price escalation clause in contract agreements. The company's net profit margin declined from 5.17 per cent in FY2011-12 to 4.41 per cent in FY2012-13 and 2.75 per cent (provisional) in FY2013-14.

AIPL's operations are working capital-intensive. The company's working capital cycle stretched from 106 days in FY2012-13 to 119 days (provisional) in FY2013-14. AIPL's utilisation of working capital limit is high at ~94 per cent during July 2013 to June 2014. Moreover, the company availed an additional working capital facility during July 2013 to February 2014. Although AIPL has pending orders worth ~Rs.125.00 crore as on July 11, 2014, there are concerns over order execution in view of the current slowdown in the real estate sector. AIPL's net worth stood at Rs.12.13 crore (provisional) as on March 31, 2014. The company's gearing (debt-equity ratio) is moderate at 0.97 times (provisional) as on March 31, 2014.

Outlook: Stable

SMERA believes the outlook on AIPL's rated facilities will remain stable over the medium term. The company's ability to expand its scale of operations without compromising on profitability, liquidity position and debt protection metrics will be a key rating sensitivity. The outlook may be revised to 'Negative' in case of sharp deterioration in the company's liquidity position and receivables quality. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues and profitability with significant improvement in debt protection metrics and liquidity position.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the company

AIPL was established as a proprietorship firm in 2003 and reconstituted as a private limited company (named Alcob Systems Private Limited) in 2004. In 2012, the company was renamed as AIPL.

AIPL is an exterior facade contractor. The company undertakes projects for designing, engineering, manufacturing and installation of various facade systems, including aluminium glazing, aluminium composite cladding, glass exteriors, canopies and skylights. AIPL has a factory unit in Pisoli, Pune (Maharashtra). The company is promoted and managed by Mr. R. Badrinarayan.

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