

January 30, 2014

Facilities	Amount (Rs. Crore)	Ratings
<b>Proposed Cash Credit</b>	<b>14.75</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Proposed Term Loan</b>	<b>0.50</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Proposed Letter of Credit</b>	<b>2.25</b>	<b>SMERA A4 (Assigned)</b>
<b>Proposed Non-fund based limit</b>	<b>2.50</b>	<b>SMERA A4 (Assigned)</b>

SMERA has assigned ratings of '**SMERA B**' (read as SMERA B) and '**SMERA A4**' (read as SMERA A four) to the Rs.20.00 crore bank facilities of APLS Automotive Industries Private Limited (APLS). The outlook is '**Stable**'. The ratings are constrained by the company's short track record of operations, small operating scale, low profit margins and weak debt protection metrics. The ratings are also constrained by the company's exposure to intense competition prevalent in the auto components industry. However, the ratings derive comfort from the company's experienced management.

APLS, established in 2009, is a Faridabad-based company engaged in manufacturing of various auto components, including clutches and brakes. APLS has small-scale operations with total operating income of Rs.19.96 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company's net profit margin is low at 0.77 per cent in FY2012-13. Moreover, APLS's net profit of Rs.0.15 crore (in FY2012-13) is largely supported by non-operating income of Rs.0.16 crore.

APLS has weak debt protection metrics as reflected in high leverage at 3.99 times as on March 31, 2013 and low interest coverage ratio of 1.46 times in FY2012-13. The company is susceptible to intense competition prevalent in the auto components industry. APLS is also exposed to the current slowdown in the automobile industry.

APLS benefits from its experienced management. Mr. Satish Arora, Mr. Neeraj Saini and Mr. K. C. Wadhwa, directors of APLS, have around ten years of experience in the auto components industry.

### **Outlook: Stable**

SMERA believes APLS's outlook will remain stable in the near term on the back of the company's experienced management. The outlook may be revised to 'Negative' in case the company registers lower-than-expected revenues and profit margins. Conversely, the outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in sales and profitability.

### **About the company**

APLS, incorporated in 2009, is a Faridabad-based company engaged in manufacturing of auto components. APLS has a manufacturing unit in Faridabad (Haryana), with a total installed capacity of 10,75,000 units per annum.

For FY2012-13, APLS reported PAT of Rs.0.15 crore on net sales of Rs.19.96 crore, as compared with PAT of Rs.0.10 crore on net sales of Rs.12.44 crore for FY2011-12. The company's net worth stood at Rs.2.69 crore as on March 31, 2013, as compared with Rs.2.50 crore a year earlier.

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