

July 29, 2013

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	47.00[^]	SMERA BBB/Stable (Assigned)
Term Loan	1.23	SMERA BBB/Stable (Assigned)
Buyers Credit	1.00*	SMERA A3+ (Assigned)
Loan Equivalent Risk on Forward Contracts	1.25*	SMERA A3+ (Assigned)
Bank Guarantee	0.50*	SMERA A3+ (Assigned)
Letter of Credit	5.00*	SMERA A3+ (Assigned)

**Sublimit of cash credit facility, which also includes a bill discounting facility to the extent of Rs.2.00 crore*

[^]Includes a sublimit of working capital demand loan to the extent of Rs.8.00 crore

SMERA has assigned ratings of '**SMERA BBB**' (read as **SMERA triple B**) to the Rs.48.23 crore long-term facilities (fund based) and '**SMERA A3+**' (read as **SMERA A three plus**) to the Rs.7.75 crore short-term facilities (non-fund based) of Autocop India Private Limited (AIPL). The outlook is '**Stable**'. The ratings are supported by the company's exclusive distribution rights over Pioneer India Electronics Private Limited's (Pioneer India) car infotainment systems. The ratings are further supported by AIPL's strong distribution and service network, long-standing association with various reputed original equipment manufacturers (OEMs), strong product profile, experienced management and moderate financial risk profile. However, the ratings are constrained by the company's working-capital intensive operations. The ratings are also constrained by the company's high dependence on the automobile industry, which is currently facing a slowdown.

AIPL is the sole distributor of Pioneer India's car infotainment systems in India. AIPL is also involved in manufacturing of car security equipments. The company has a pan-India presence with a strong service and distribution network comprising 55 branch offices, four regional offices, 110 service centres and 4,500 dealers. As per the provisional financial statements of FY2012-13 (refers to financial year, April 01 to March 31), AIPL reported revenues of Rs.382.58 crore (including Rs.231.30 crore from the distributorship business), as compared with revenues of Rs.357.61 crore in the previous year. AIPL has long-standing association with several reputed automobile original equipment manufacturers (OEMs) including TVS, Maruti Suzuki, Hyundai, and Toyota. AIPL has recently forayed into dealing of home security systems. The company is poised to benefit from its promoters' long-standing experience of almost 25 years in the car accessories and security systems business. AIPL has a moderate financial risk profile marked by high return on capital employed (RoCE) of 15.87 per cent and moderate profitability of 1.31 per cent in FY2012-13. The company has modest debt protection metrics with interest coverage ratio of 1.76 times and high leverage (total tangible net worth to total outside liabilities) of 3.76 times as on March 31, 2013 (as per provisional financials).

Disclaimer: A 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.

AIPL's operations are working-capital-intensive as evidenced by high inventory holding period of approximately 100 days (provisional) and gross current asset of approximately 130 days in FY2012-13. Further, the company's bank limits remain fully utilized. AIPL is exposed to the inherent cyclical in the Indian automobile industry, which is currently facing a slowdown.

Outlook: Stable

SMERA believes AIPL's outlook will remain stable in the near term on the back of the company's stable revenue growth, strong product profile and trade exclusivity. The outlook may be revised to 'Positive' in case the company effectively manages its working capital requirements and generates healthy cash flows. Conversely, the outlook may be revised to 'Negative' in case of further stretch in the company's working capital requirements or in case of a prolonged slowdown in the automobile industry.

About the company

AIPL, incorporated in 1991, is a Mumbai-based company promoted by Mr. Umesh Deshpande, Mr. Suhas Doshi and Mrs. Rashmi Umesh Deshpande. AIPL deals in car infotainment products and home security equipments. The company is an authorized dealer of Pioneer India Electronics Private Limited.

AIPL is also involved in manufacturing car security equipments, including central locking systems, power windows, reverse warning systems, gear locks and wire harnesses. The company has two manufacturing facilities, one in Baddi, Himachal Pradesh and the other in Nashik, Maharashtra. In April 2012, AIPL acquired its sister concerns (Ultimate Electronics Private Limited, Giant Sales & Services Private Limited, Keystone Appliances Private Limited, Autocop Security Solutions Private Limited and Autcop Cobra Auto Security Private Limited) under a scheme of amalgamation.

As per the financials (provisional) of FY2012-13, AIPL registered net sales of Rs.381.92 crore and PAT of Rs.5.07 crore, as compared with net sales of Rs.357.61 crore and PAT of Rs.5.68 crore in FY 2011-12. AIPL's net worth stood at Rs.34.62 crore as on March 31, 2013 (provisional).

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