



SMERA RATINGS LIMITED

# A.S. Industries (ASI)

## Rating Rationale

**January 19, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Secured Overdraft	2.50	SMERA BB-/Stable (Assigned)
Term Loan	2.59	SMERA BB-/Stable (Assigned)
Inland Letter of Credit	0.90	SMERA A4 (Assigned)
Proposed Long Term Bank Facility	0.51	SMERA BB-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.6.50 crore bank facilities of A. S. Industries (ASI). The outlook is '**Stable**'. The ratings are supported by the firm's experienced management and moderate financial risk profile. However, the ratings are constrained by the firm's small-scale operations amidst intense competition in the non-ferrous metals industry. The ratings are also constrained by the firm's stretched liquidity position.

ASI, established in 2010, is a Noida-based partnership firm engaged in manufacturing of aluminium and zinc castings. ASI benefits from its experienced management. Mr. Sunil Sharma, partner of ASI, has around 15 years of experience in the firm's line of business. ASI's moderate financial risk profile is marked by capital base of Rs.1.28 crore and leverage (debt-equity ratio) of 2.39 times as on March 31, 2014. The firm's interest coverage ratio is moderate at 2.38 times in FY2013-14 (refers to financial year, April 01 to March 31).

ASI has small-scale operations marked by revenues of Rs.18.08 crore in FY2013-14. The firm operates in an intensely competitive segment of the non-ferrous metals industry. ASI's stretched liquidity position is evidenced by high utilisation (97 per cent) of bank limit during July 2014 to December 2014.

### Outlook: Stable

SMERA believes ASI will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm registers substantial growth in revenues while maintaining comfortable profit margins. The outlook may be revised to 'Negative' in case of deterioration in the firm's financial risk profile or working capital management.

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

**About the firm**

ASI, incorporated in 2010, is a Noida-based partnership firm promoted by Mr. Sunil Sharma. ASI is engaged in manufacturing of aluminium and zinc castings. The firm has a manufacturing unit in Haridwar (Uttarakhand), with installed capacity of 2,000 tonnes per month.

For FY2013-14, ASI reported profit after tax (PAT) of Rs.0.77 crore on operating income of Rs.18.08 crore, as compared with PAT of Rs.0.54 crore on operating income of Rs.14.86 crore in FY2012-13. The firm registered revenues of Rs.17.94 crore (provisional) during April 2014 to December 2014.

Media / Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal Vice President – SME Sales Tel: +91-22-6714 1177 Cell: +91 9930074009 Email: <a href="mailto:virendra.goyal@smera.in">virendra.goyal@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: <a href="mailto:ashutosh.satsangi@smera.in">ashutosh.satsangi@smera.in</a>	Tel: +91-22-6714 1170 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.