

A. S. Industries (ASI)

A. S. Industries:Assigned

Facilities	Amount (Rs.Crore)	Ratings/Outlook
Secured Overdraft	3.70	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
Term Loan I	1.65	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
Term Loan II	0.16	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
Inland Letter of Credit	0.90	SMERA A4 (Suspension Revoked; Rating Assigned)
Secured Overdraft (Proposed)	2.00	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
Proposed Long Term Bank Facility	0.09	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
Inland Letter of Credit (Proposed)	0.50	SMERA A4 (Suspension Revoked; Rating Assigned)

SMERA has revoked the suspension of rating on the above mentioned bank facilities of A. S. Industries and assigned ratings of '**SMERA B+**' (**read as SMERA B plus**) and '**SMERA A4**' (**read as SMERA A four**) on the Rs.9.00 crore bank facilities of A. S. Industries (ASI). The outlook is '**Stable**'. SMERA had on 09 April, 2016 suspended the above rating for lack of necessary information from ASI. The firm has now shared the requisite information, enabling SMERA to assign a rating.

The ratings are supported by the firm's experienced management and moderate financial risk profile. However, the ratings are constrained by the moderate scale of operations amidst intense competition in the non-ferrous metals industry. The ratings also note the stretched liquidity position and high customer concentration risk.

ASI, established in 2010, is a Noida-based partnership firm engaged in the manufacture of aluminium and zinc casting. The firm benefits from its experienced management. Mr. Sunil Sharma, partner, has around 18 years of experience in the firm's line of business. The moderate financial risk profile is marked by leverage (debt-equity ratio) of 1.10 times as on March 31, 2016 (Provisional) as compared to 1.28 times in the previous year. The firm has interest coverage ratio of 2.36 times in FY2015-16 (refers to financial year, April 01 to March 31) as compared to 2.42 times in the previous year.

ASI has moderate-scale of operations marked by revenue of Rs.32.50 crore in FY2015-16 (Provisional) as against Rs.25.09 crore in the previous year. The firm operates in an intensely competitive segment of the non-ferrous metals industry. ASI's stretched liquidity position is evident from the high utilisation (90-95 per cent) of bank limit during April 2016 to September 2016. The firm has high customer concentration risk as 95 percent of its sales are from two customers.

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Outlook- Stable

SMERA believes ASI will maintain a stable outlook in the medium term owing to the established operations and extensive experience of the promoter in the business. The outlook may be revised to 'Positive' in case of significant improvement in operations, profitability and net worth. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Future debt capex plan

Criteria applied to arrive at the ratings:

- Manufacturing entities

About the Firm

ASI, established in 2010, is a Noida-based partnership firm promoted by Mr. Sunil Sharma. The firm is engaged in the manufacture of aluminium and zinc casting. The manufacturing unit located at Haridwar (Uttarakhand), has capacity of 2,000 tonnes per month.

For FY2015-16 (provisional), ASI reported profit after tax (PAT) of Rs.0.89 crore on operating income of Rs.32.50 crore, as compared with PAT of Rs.0.79 crore on operating income of Rs.25.09 crore in the previous year. The firm has booked operating income of Rs.16.75 crore from April 01, 2016 to September 31, 2016. The net worth stood at Rs.5.03 crore as on March 31, 2016 provisional, as compared with Rs.4.11 crore a year earlier.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Outlook
			Long Term	Short Term	
09 April , 2016	Secure Overdraft	2.50	SMERA BB- (Suspended)	-	Stable
	Term Loan	2.59	SMERA BB- (Suspended)	-	Stable
	Inland Letter of Credit	0.90	-	SMERA A4 (Suspended)	-
	Proposed Long Term Bank Facility	0.51	SMERA BB- (Suspended)	-	Stable
19 January, 2015	Secure Overdraft	2.50	SMERA BB- (Assigned)	-	Stable
	Term Loan	2.59	SMERA BB- (Assigned)	-	Stable
	Inland Letter of Credit	0.90	-	SMERA A4 (Assigned)	-
	Proposed Long Term Bank Facility	0.51	SMERA BB- (Assigned)	-	Stable

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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