

## Press Release

**A. S. Industries**

19 January, 2018



### Rating Downgraded

<b>Total Bank Facilities Rated*</b>	9.00 Cr.
<b>Long Term Rating</b>	SMERA D (Downgraded from SMERA B+/Stable)
<b>Short Term Rating</b>	SMERA D (Downgraded from SMERA A4)

\*Refer Annexure for details

SMERA has downgraded the long term rating of '**SMERA B+** (read as SMERA B plus) and short term rating of '**SMERA A4** (read as SMERA A four) on the Rs. 9.00 crore bank facilities of A S Industries (ASI) to '**SMERA D** (read as SMERA D ). The downgrade is in view of the delay in debt servicing obligations due to a stretched liquidity position of the firm as on December 2017.

A S Industries is an Uttarakhand-based partnership firm established by Mr. P D Sharma, Mr. Sunil Sharma and Mrs. Sunhari Sharma. The company is engaged in the manufacturing of aluminium and zinc casting auto components such as locking systems, door handles, moulds, dyes, handle bar and assemblies among others at Haridwar.

### Strengths

#### Experienced management

The firm established in 2010 by Mr. P D Sharma, Mr. Sunil Sharma and Mrs. Sunhari Sharma manufactures auto components. The partners have more than four decades of experience in the said line of business.

### Weaknesses

#### Delay in debt servicing obligations due to stretched liquidity

The rating downgrade reflects delays in debt servicing of term loan principal and interest. The firm has stretched liquidity position marked by high GCA days of 147 in FY2017 as against 116 in FY2016. This is majorly on account of increase in inventory holding to 62 days in FY2017 as against 25 days in FY2016. The debtor days have also increased to 83 in FY2017 as against 79 in FY2016. The creditor days stood at 54 in FY2017 as against 73 in FY2016. This in turn has resulted in over utilisation of working capital limits. The bank limit utilisation stood at ~99 percent for the last six months ended December 2017.

**Analytical approach:** SMERA has considered the standalone business and financial risk profiles of ASI to arrive at the rating.

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	23.58	32.52	25.09
EBITDA	Rs. Cr.	2.18	2.38	2.26
PAT	Rs. Cr.	0.70	0.86	0.79
EBITDA Margin (%)	(%)	9.24	7.32	9.02
PAT Margin (%)	(%)	2.96	2.63	3.13
ROCE (%)	(%)	15.41	18.68	23.23
Total Debt/Tangible Net Worth	Times	1.51	1.24	1.28
PBDIT/Interest	Times	2.25	2.52	2.42
Total Debt/PBDIT	Times	3.21	2.30	2.31
Gross Current Assets (Days)	Days	147	116	135

**Status of non-cooperation with previous CRA (if applicable):** None

**Any other information:** None

**Rating History for the last three years:**

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
22-Oct, 2016	Secured Overdraft	Long term	3.70	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
	Term loan I	Long term	1.65	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
	Term loan II	Long term	0.16	SMERA B+/Stable (Suspension Revoked; Rating Assigned)

	Inland letter of Credit	Short term	0.90	SMERA A4 (Suspension Revoked; Rating Assigned)
	Secured Overdraft (Proposed)	Long term	2.00	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
	Proposed long term bank facility	Long term	0.09	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
	Inland letter of Credit (Proposed)	Short term	0.50	SMERA A4 (Suspension Revoked; Rating Assigned)
09-Apr, 2016	Secured Overdraft	Long term	2.50	SMERA BB-/Stable (Suspended)
	Term loan	Long term	2.59	SMERA BB-/Stable (Suspended)
	Inland letter of Credit	Short term	0.90	SMERA A4 (Suspended)
	Proposed long term bank facility	Long term	0.51	SMERA BB-/Stable (Suspended)
19-Jan, 2015	Secured Overdraft	Long term	2.50	SMERA BB-/Stable (Assigned)
	Term loan	Long term	2.59	SMERA BB-/Stable (Assigned)
	Inland letter of Credit	Short term	0.90	SMERA A4 (Assigned)
	Proposed long term bank facility	Long term	0.51	SMERA BB-/Stable (Assigned)

**\*Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	5.70 (Enhanced from Rs. 3.70 Crore)	SMERA D (Downgraded from SMERA B+/Stable)
Term loan I	Not Applicable	Not Applicable	Not Applicable	1.65	SMERA D (Downgraded from SMERA B+/Stable)
Term loan II	Not Applicable	Not Applicable	Not Applicable	0.16	SMERA D (Downgraded from SMERA B+/Stable)
Inland Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.49 (Revised from Rs. 0.90 Crore)	SMERA D (Downgraded from SMERA A4)

**Contacts:**

Analytical	Rating Desk
Vinayak Nayak, Head - Ratings Operations Tel: +91-22-6714 1190 Email: <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>	Varsha Bist Sr. Executive Tel: 022-67141160 Email: <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>
Namita Palve, Rating Analyst, Tel: +91-22-6714 1129 Email: <a href="mailto:namita.palve@smera.in">namita.palve@smera.in</a>	

## ABOUT SMERA

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