



SMERA RATINGS LIMITED

Ashoo Décor India (ADI)**Rating
Rationale****July 20, 2015**

Facilities	Amount (Rs. Crore)	Rating
Overdraft	0.95	SMERA BB-/Stable (Assigned)
Bank Guarantee/Letter of Credit	5.50	SMERA A4+ (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs. 0.95 crore long term (fund based) and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs. 5.50 crore short term (non-fund based) bank facilities of Ashoo Décor India (ADI). The outlook is '**Stable**'. The rating derives comfort from the firm's experienced management, healthy relationship with customers and suppliers and healthy financial risk profile. However, the rating is constrained by the firm's small scale of operations, working capital intensive operations and tender driven nature of business.

ADI, incorporated in 1994, is a Haryana-based partnership firm engaged in the business of aluminium and glass fabrication. Mr. Vikas Sharma, partner of ADI, has more than 20 years of experience in the firm's line of business. The firm has long standing relations with customers and suppliers. ADI has a healthy financial risk profile evident from leverage (debt-equity ratio) of 0.92 times (provisional) in FY2014-15 (refer to financial year, from April 01 to March 31). The interest coverage and net cash accrual to total debt (NCA/TD) stood at 3.82 times and 0.61 times (provisional), respectively in FY2014-15 against 3.40 times and 0.51 times respectively during the previous year.

However, the firm's scale of operations continues to remain small evident from the operating income of Rs.17.49 crore (provisional) in FY2014-15. ADI's operations are working capital intensive in nature marked by gross current asset (GCA) of 138 days with collection period of 70 days (provisional) in FY2014-15. Besides, ADI is highly dependent on tender-based orders floated by companies.

Outlook: Stable

SMERA believes ADI 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 significant and sustained improvement in operating income while maintaining its profitability margins and leverage. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the firm's revenue profile, lengthening of working capital cycle or debt funded capital expansion.

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About the Firm

ADI, incorporated in 1994, is a Haryana-based partnership firm, engaged in the business of aluminium and glass fabrication work.

For FY2014-15, the firm reported (profit after tax) PAT of Rs.0.97 crore (provisional) on operating income of Rs.17.49 crore (provisional). The firm's net worth stands at Rs.1.90 crore as on March 31, 2015 as compared with Rs.1.36 crore a year earlier. For FY2013-14, ADI reported profit after tax (PAT) of Rs.0.76 crore on operating income of Rs.9.88 crore as compared with PAT of Rs.0.82 crore on operating income of Rs.11.19 crore for FY2012-13.

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