

October 01, 2015

| Facilities | Amount (Rs. Crore) | Ratings |
|----------------------------------|--------------------|----------------------------|
| Term Loan | 1.59 | SMERA BB/Stable (Assigned) |
| Packing Credit | 6.75 | SMERA A4+ (Assigned) |
| Bill Discounting | 6.00 | SMERA A4+ (Assigned) |
| Fund Based Facilities (Proposed) | 0.91 | SMERA A4+ (Assigned) |

SMERA has assigned a rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.1.59 crore long term bank facility and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.13.66 crore short term bank facility of Hi-Tech Fly Ash (India) Private Limited (Hitech). The outlook is '**Stable**'. The ratings are supported by the company's experienced management and above-average financial risk profile marked by low gearing and comfortable coverage indicators. The ratings are also supported by the memorandum of understanding with Tuticorin Thermal Power station (TANGEDCO) for assured supply of fly ash. However, the ratings are constrained by the small scale of operations, customer concentration risk, working capital intensive operations and forex risk.

Rating Sensitivity Factors

- Improvement in scale of operations while maintaining profitability
- Customer and geographical diversification
- Effective working capital management
- Deterioration in capital structure owing to debt funded capex or working capital borrowings

Outlook: Stable

SMERA believes Hitech will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues while maintaining profitability and capital structure. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, deterioration in the capital structure or higher-than-expected working capital requirements.

About the Company

Hitech, incorporated in 2006 is a Tamil Nadu-based company promoted by Mr. Thiraviam John Vasigaran and Ms. John Vasigaran Subha Anna Jothi. The company recycles raw fly ash into processed fly ash and sells under the brand name – HITEPOZZO. Hitech majorly caters to clients in the ready mix concrete industry in Gulf countries.

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.

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