

November 17, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	15.00	SMERA BB-/Stable (Assigned)
Standby Line of Credit	2.30	SMERA A4 (Assigned)
Bank Guarantee	1.50	SMERA A4 (Assigned)

SMERA has assigned long term ratings of '**SMERA BB-**' (read as **SMERA double B minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.18.80 crore bank facilities of Akash Coke Industries Private Limited (ACIPL). The outlook is '**Stable**'. The ratings are supported by the experienced management, improved operating margins and moderate capital structure. However, the ratings are constrained by the modest scale of operations, low interest coverage ratio and working capital intensive operations. The ratings also factor in susceptibility of the profit margins to volatility in raw material prices and subdued steel demand.

Rating Sensitivity Factors

- Scalability of operations and sustainability of profit margin amidst volatile coke prices
- Effective working capital management

Outlook: Stable

SMERA believes that the firm will maintain a stable business profile on account of the experienced management. The outlook may be revised to 'Positive' if the firm registers strong growth in revenue and profit margins and improves its financial risk profile. The outlook may be revised to 'Negative' in case of steep decline in the firm's revenue and profit margins, or deterioration in the capital structure.

About the Firm

The Jharkhand based ACIPL was established as a partnership firm in 1973 and converted to private limited in 1988. The company manufactures hard coke and has an installed capacity of 1,26,000 tonnes per annum. The day-to-day activities are managed by Mr. Kedar Mittal and Mr. Jaideep Mukherjee.

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