



SMERA RATINGS LIMITED

Associated Toolings (India) Private Limited (AT IPL)

*Rating
Rationale***March 22, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	1.42	SMERA B/Stable (Assigned)
Cash Credit	8.10	SMERA B/Stable (Assigned)
Letter of Credit	1.00	SMERA A4 (Assigned)
Bank Guarantee	3.80	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B' (read as SMERA B)** and a short-term rating of '**SMERA A4' (read as SMERA A four)** to the above mentioned bank facilities of Associated Toolings (India) Private Limited (AT IPL). The outlook is '**Stable**'. The ratings are constrained by the company's working capital nature of business marked by high inventory and debtors which has deteriorated further in FY2015 apart from moderate scale of operations. The ratings are also constrained by the stressed liquidity position marked by full utilisation in its cash credit limits and tender based business with lack of price escalation clause. However, the ratings draw support from its reputed clientele, experienced management and long track record of operations.

Outlook: Stable

SMERA believes AT IPL will maintain a stable business risk profile in the medium term on account of its experienced management and reputed clientele. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining profit margins. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected growth in revenues and profitability or deterioration in the liquidity position.

Rating Sensitivity Factors

- Increasing scale of operations and profitability
- Managing working capital efficiently

About the Company

AT IPL, established in 1977 is a West Bengal-based company engaged in the manufacture of industrial valves for industries such as oil and gas, power, mineral among others. The manufacturing unit and administrative office of the company are located at Howrah, West Bengal. The overall operations are managed by Mr. Udayan Karmakar, the Director.

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For FY2014–15, AT IPL reported profit after tax (PAT) of Rs. (0.44) lakh on total operating income of Rs.10.69 crore, as compared with PAT of Rs.0.04 crore on total operating income of Rs.15.55 crore in FY2013–14.

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