

Press Release

Associated Toolings (India) Private Limited

24 July, 2017

Rating Downgraded



Total Instruments Rated*	Rs.14.32.00 Cr
Long Term Rating	SMERA B- / Outlook: Stable
Short Term Rating	SMERA A4

Refer Annexure for details

Rating Rationale

SMERA has downgraded long-term rating of '**SMERA B-' (read as SMERA B minus)** and short term rating of '**SMERA A4' (read as SMERA A four)** on the Rs. 14.32 crore bank facilities of Associated Toolings (India) Private Limited. The outlook is '**Stable**'.

The West Bengal-based Associate Toolings (India) Private Limited (ATIPL), incorporated in 1985, is engaged in the manufacturing and export of industrial valves. The company is led by Mr. Udayan Karmakar.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

ATIPL was established in 1985. The company is led by Mr Udayan Karmakar, Director, with experience of more than two decades in the engineering and machinery components industry.

Weaknesses

- **Declining trend of revenue**

The revenue has declined continuously during the period under study. Despite the company being in business since 1985 the revenue stood at Rs.9.62 crore in FY2016, a decline from Rs.10.69 crore in FY2015 mainly due to decrease in oil prices during the period. The company mainly caters to oil refineries such as ONGC, HPCL, BPCL among others.

- **Average financial risk profile**

The average financial risk profile marked by moderate net worth of Rs.5.34 crore in FY2016 as against Rs.5.91 crore in FY2015 is mainly on account of current year losses. The gearing increased from 1.69 times in FY2015 to 1.98 times in FY2016 due to increase in short term debt. The interest coverage ratio (ICR) stood moderate at 1.26 times in FY2016. The net cash accruals to total debt stood low at 0.03 times in FY2016.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of ATIPL.

Outlook: Stable

SMERA believes that ATIPL will maintain a stable outlook over the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case of higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improvement in working capital management. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

About the Rated Entity - Key Financials

For FY2015-16, ATIPL reported net loss of Rs 0.58 crore on total operating income of Rs.9.62 crore, compared with loss of Rs.0.61 crore on total operating income of Rs.10.69 crore in FY2014-15.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

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>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
22-Mar-2016	Term Loan	Long Term	INR 1.42	SMERA B / Stable
	Cash Credit	Long Term	INR 8.1	SMERA B / Stable
	Letter of Credit	Short Term	INR 1	SMERA A4
	Bank Guarantee	Short Term	INR 3.8	SMERA A4

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	0.95	SMERA B- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	0.47	SMERA B- / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.10	SMERA B- / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A4
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.80	SMERA A4

Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head – Ratings Operations, SMERA Bond Ratings Tel: 022-67141190 Email: vinayak.nayak@smera.in Abhishek Dey Executive Analyst Rating Operations Tel: +91 33 6620 1222 abhishek.dey@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in

ABOUT SMERA

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