

ASI Industries Limited

June 27, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	107.05	CARE BBB; Stable; ISSUER NOT CO-OPERATING [Triple B; Outlook: Stable; ISSUER NOT CO-OPERATING*]	Issuer Not Co-operating; based on best available information
Short-term Bank Facilities	25.00	CARE A3+; ISSUER NOT CO-OPERATING [A Three Plus; ISSUER NOT CO-OPERATING*]	Issuer Not Co-operating; based on best available information
Total Facilities	132.05 (Rupees One hundred Thirty Two crore and Five lakh only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated April 5, 2018, placed the ratings of ASI Industries Limited (ASIL) under the 'issuer non-cooperating' category as ASIL had failed to provide information for monitoring of the ratings. ASIL continues to be non-cooperative despite repeated requests for submission of information through phone calls and e-mails dated April 17, 2019, May 1, 2019, May 13, 2019 and June 19, 2019. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this ratings (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Detailed description of the key rating drivers

At the time of last rating on April 5, 2018, the following were the rating strengths and weaknesses (updated for information available from stock exchange):

Key Rating Strengths

Experienced promoters, established track record in 'Kota stone' industry along with established marketing and distribution network: Mr Deepak Jatia, Chairman and Managing Director, has more than three decades of experience in the Kota stone mining industry. ASIL has an established track record of over 7 decades in the mining business and has a network of around 50 dealers spread across Rajasthan.

Comfortable profitability margins: PBILDT margin during FY19 (refers to the period April 01 to March 31) improved by 682 bps y-o-y to 21.24% primarily on account of change in revenue mix. The proportion of comparatively lower margin trading business in its total operating income (TOI) reduced to 23% in FY19 from earlier 44% in FY18. Consequently, PAT margin also improved by 411 bps y-o-y to 10.13% during FY19. ASIL reported a healthy Gross Cash Accruals (GCA) of Rs.24.75 crore (FY18: Rs.20.60 crore).

Moderate leverage and debt protection indicators: Capital structure of ASIL continued to remain moderate marked by an overall gearing of 0.57x (excluding current maturities of long term debt) as on March 31, 2019 as against 0.50x as on March 31, 2018. Debt coverage indicators also remained comfortable marked by an interest coverage of 5.43x as at FY19 end (4.34x as at FY18 end) and total debt to GCA of 5.81x (FY18: 5.79x).

Key Rating Weaknesses

Moderate scale of operations: ASIL's TOI declined by 23% y-o-y to Rs.188.38 crore during FY19 on account of decline in trading operations. During FY19, trading sales reduced from Rs.108.95 crore in FY18 to Rs.42.85 crore in FY19. Income from sales of kota stone grew by 6% to Rs.137.17 crore during FY19.

Large size debt-funded investment in its overseas subsidiary (Al Rawasi Rock and Aggregate LLC (ALRA)): ASIL had acquired mining business in United Arab Emirates (UAE) through its Mauritius based wholly owned subsidiary, i.e. ASI

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

*Issuer did not cooperate; Based on best available information

Global Limited (ASIGL). So far, ASIL has invested about Rs.70 crore towards the project, apart from extension of corporate guarantee for its working capital requirement. During FY19, ALRA reported a TOI of Rs.78.93 crore with a PAT of Rs.3.37 crore as against a TOI of Rs.75 crore and PAT of Rs.4.79 crore in FY18.

Ongoing capex to set up a facility for manufacturing engineered stone: ASIL is undertaking a major expansion project at Jaipur for production of engineered stone at a total cost of Rs.200 crore. The new plant will have an installed capacity of 6.50 million sq. ft. and is expected to commence commercial operations from February 2020. Owing to the large size of the project, ASIL remains exposed to project implementation, stabilization and scaling up risk.

Prospects of Kota stone industry dependent on demand from the cyclical real estate industry along with threat from substitutes: The growth prospects of Kota stone industry depends majorly on the demand from real estate industry. The company also faces competition from tile manufacturing companies as there is growing demand for tiles for flooring purpose in offices and residential buildings.

Liquidity: During FY19, ASIL generated GCA of Rs.24.75 crore and had total cash and bank balance of Rs.11.91 crore as on March 31, 2019. Current ratio remained moderate at 1.35x during FY19 (1.47x during FY18). ASIL's operating cycle elongated to 205 days during FY19 (FY18: 148 days).

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of Non-cooperation by issuer](#)
[CARE's Policy on Default Recognition](#)
[Criteria for Short Term Instruments](#)
[Criteria on assigning Outlook to Credit Ratings](#)
[Rating Methodology - Manufacturing Companies](#)
[Financial ratios – Non-Financial Sector](#)

About the Company

Kota-based ASIL is a public limited listed company which was incorporated in January 1945. It changed its name from Associated Stone Industries (Kotah) Ltd to ASI Industries Limited in February 2018.

ASIL is engaged in mining and processing of Kota stone at 9.16 square kilometer (sq. km.) mining area located at Ramganjmandi near Kota, Rajasthan. Besides stone mining, the company has wind based power generation capacity of 3.63 Mega Watt (MW), located at Maharashtra and Karnataka.

Brief Financials (Rs. Crore)	FY18 (A)	FY19 (A)
Total operating income	246.07	188.38
PBILDT	35.50	40.02
PAT	14.82	19.09
Overall gearing (times)	0.42	0.57*
Interest coverage (times)	4.34	5.43

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	NA	NA	December 31, 2024	65.05	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	NA	NA	NA	42.00	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	NA	NA	NA	25.00	CARE A3+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Term Loan-Long Term	LT	65.05	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (05-Apr-18)	1)CARE BBB; Stable (08-May-17)	-
2.	Fund-based - LT-Cash Credit	LT	42.00	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (05-Apr-18)	1)CARE BBB; Stable (08-May-17)	-
3.	Non-fund-based - ST-Letter of credit	ST	25.00	CARE A3+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A3+; ISSUER NOT COOPERATING* (05-Apr-18)	1)CARE A3+ (08-May-17)	-

*Issuer did not co-operate; based on best available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mr. Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact

Mr. Ujjwal Patel
Contact no. – +91-79-4026 5649
Email ID- ujjwal.patel@careratings.com

Business Development Contact

Mr. Deepak Prajapati
Contact no. – +91-79-4026 5656
Email ID – deepak.prajapati@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**