

MARCH 04, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF ASSOCIATED STONE INDUSTRIES (KOTAH) LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	107.01 [Enhanced from Rs.63.93 crore]	CARE BBB (Triple B)	Reaffirmed
Short term Bank Facilities	25.00	CARE A3+ (A Three Plus)	Reaffirmed
Total Facilities	132.01 (Rupees One Hundred Thirty Two crore and One lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Associated Stone Industries (Kotah) Ltd. (ASIL) continue to derive strength from its established track record in the 'Kota' stone industry, vast experience of its promoters, its comfortable profitability margins, moderate leverage and established marketing network. The ratings further take note of increase in its turnover on account of growth in its trading business during FY15 (refers to the period April 1 to March 31).

The ratings, however, continue to be constrained by its moderate scale of operations and linkages of the demand for Kota stone to the inherently cyclical real estate industry. The ratings are further constrained by its large size debt-funded investment in its overseas subsidiary which has undertaken a project to develop a limestone mine.

The ability of ASIL to increase its scale of operations in the Kota stone segment along with improvement of its profitability margins and capital structure would remain the key rating sensitivities. Furthermore, completion of the ongoing project work of limestone mining and crushing facility in its overseas subsidiary within the envisaged time and cost parameters along with realization of envisaged returns thereon shall be a crucial rating sensitivity in light of ASIL's significant investment towards the said venture.

Background

Kota-based, ASIL was incorporated in January 1945 and is a public limited listed company. ASIL is engaged in mining and processing of kota stone across 9.16 square kilometer (sq. km.) mining area located at Ramganjmandi near Kota, Rajasthan. Besides stone mining, the company is also involved in wind-based power generation (installed capacity of 4.75 megawatt (MW), located at Maharashtra, Karnataka and Tamil Nadu) and trading activities.

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

ASIL earned a PAT of Rs.18.42 crore on a total operating income (TOI) of Rs.214.17 crore in FY15 (refers to the period April 1 to March 31) as against a PAT of Rs.10.07 crore on a TOI of Rs.132.58 crore in FY14. Furthermore, as per the provisional results for 9MFY16, ASIL has earned a PAT of Rs.5.07 crore on a TOI of Rs.116.16 crore.

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

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