

MARCH 19, 2015

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	63.93	CARE BBB (Triple B)	Reaffirmed
Shor-term Bank Facilities	30.00	CARE A3+ (A Three Plus)	Reaffirmed
Total Facilities	93.93		

Rating Rationale

The ratings continue to favourably take into account the vast experience of the promoters of Associated Stone Industries (Kotah) Ltd (ASIL) along with its established track record in the 'Kota' stone industry being its leading player, its established marketing network, comfortable profitability margin and moderate leverage.

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 ASIL's large size debt funded investment commitments in its overseas subsidiary which has undertaken a project to develop a limestone mine.

ASIL's ability to increase the scale of operations in its core 'Kota' stone business along with improvement in its profitability and capital structure would be 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 commitments towards the said venture.

Background

Kota-based, ASIL is a listed public limited company which was incorporated in January 1945. 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 Mega Watt (MW), located at Maharashtra, Karnataka and Tamil Nadu) and trading activities.

ASIL earned a PAT of Rs.10.07 crore on a Total Operating Income (TOI) of Rs.132.58 crore in FY14 (refers to the period April 1 to March 31) as against a PAT of Rs.13.01 crore on a TOI of Rs.175.76 crore in FY13. Furthermore, as per the provisional results for 9MFY15, ASIL has earned a PAT of Rs.7.46 crore on a TOI of Rs.138.27 crore.

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

****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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