



Press Release

ASI Industries Limited

December 7, 2022

Ratings

Facilities	Amount (Rs. crore)	Rating	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Term Loans	5.85 (Reduced from INR168.66 crore)	IVR BB+/ Stable & Withdrawn (IVR Double B Plus with Stable Outlook and withdrawn)	Rating Revised and simultaneously Withdrawn*	Simple
Long Term Fund Based Bank Facility – Cash Credit/WCDL	28.16 (Reduced from INR58.16 crore)	IVR BB+ / Stable & Withdrawn (IVR Double B Plus with Stable Outlook and withdrawn)	Rating Revised and simultaneously Withdrawn*	Simple
Short Term Non-Fund Based Bank Facility – Bank Guarantee	2.32	IVR A4+ & Withdrawn (IVR A Four Plus and withdrawn)	Rating Revised and simultaneously Withdrawn*	Simple
Total	36.33	Rupees Thirty-Six Crore and Thirty Three Lakh Only		

*Rating is withdrawn based on withdrawal request received from the company along with the No Objection Certificate (NOC) and No Due Certificates (NDC) of the respective bankers.

Details of Facilities are in Annexure 1

Rating Action

Infomerics has revised the ratings and simultaneously withdrawn the ratings based on the client's request and upon receiving NOC and NDCs issued by the lenders.

Detailed Rationale

The ratings are withdrawn in accordance with Infomerics' policy on withdrawal.

The ratings assigned to the bank facilities of ASI Industries Limited (ASI) continue to derive strength from Established market position supported by experienced promoters, Range bound EBITDA margin and Impact on Capital Structure due to Hiving off of Engineered Stone Division. However, the rating strengths are partially offset by Working capital intensive nature of operations and Susceptibility to regulatory changes.



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Key Rating Sensitivities: Not Applicable

Key Rating Drivers with Detailed Description

Key Rating Strengths

Established market position supported by experienced promoters

The Company was established in pre independence era in 1945 by the members of the Jatia family. The Group has operating experience of ~75 years coupled with present experienced management team. The company has a strong corporate structure in place along with well-planned succession management policies and good corporate governance structure which has ensured the commanding market position over the past several decades. The Group is known to possess some of the largest quarries of Limestone in India and UAE. The Company has overall mineable stone reserves of about 23 million tonnes at its Ramganjmandi unit and over 200 million tonnes under its UAE subsidiary. The promoters' experience in the stone industry, long track record of operations, healthy relations with customers and strong market position is expected to help company to maintain its business risk profile over the medium term.

Range bound EBITDA margin

The Company has reported an EBITDA margin of 16.59% in FY19 as against 14.89% in FY18. The same has declined in FY20 to 5.87% due to disruption in the operations during the year on account of COVID-19. Nevertheless, with normalisation of mining operations at Ramganjmandi unit, the EBITDA margin has improved to 16.14% in FY21. During the year under review EBITDA margin turned negative on account of impairment loss booked on slump sale of Engineered Stone Division. Going forward, the Company's EBITDA is expected to improve and range bound between ~23% - 25%.



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Impact on Capital Structure due to Hiving off of Engineered Stone Division

The ratings were placed on the credit watch with developing implications to monitor the impact of the slump sale of the Engineered Stone Division on the business operations and balance sheet of the Company. The Company has hived off its Engineered Stone Division situated at Mahindra SEZ, Sanganer, Jaipur, Rajasthan by way of Slump Sale to Marudhar Rocks International Private Limited during the financial year 2021-22. Business Transfer Agreement has been signed on 31st January 2022. The Company has received entire consideration of Rs. 84.50 crore and repaid the loan taken from the Bankers for particular division.

Capital structure of the Company remained comfortable with an overall gearing of 0.45x as on March 31, 2022 (FY21: 1.19x). Debt to equity ratio is improved to 0.34x as on March 31, 2022 (FY21: 0.64x) due to repayment of major borrowings of Engineered Stone Unit. Debt protection indicators remained weak during the year due to hiving off of engineered stone division but is expected to benefit the Company going forward.

The company has reported total income of Rs.62.05 crores during the half year ended September 30, 2022, as compared to Rs.123.24 crores during the half year ended September 30, 2021. The company has posted net profit / (loss) of Rs. -19.32 crores for the half year ended September 30, 2022 as against net profit / (loss) of Rs.-1.26 crores for the half year ended September 30, 2021. The reason for the decline in sales as well as profit is due to hiving of the Engineered Stone Division as well as seasonality which usually affects the Company's mining activities during Quarter 2 of the Financial Year due to monsoon.

Key Rating Weaknesses

Working capital intensive nature of operations

The Company has a pan India customer profile for its Kota stone segment with over 1000 customers wherein it mostly adopts B2B model and sells its product through a wide network of 20-30 dealers. The company pre-sells over 90% of its entire annual production towards end of its mining period i.e. during the month of May/June. It typically extends credit period of 150-180 days for its Stone clients which leads to high reliance on working capital borrowings. However, diversified customers along with advances from dealers mitigates the receivables risk to some extent.



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Susceptibility to regulatory changes

Any adverse regulatory changes in the Indian mining industry will have adverse impact on the operations of the Company. The last NGT ban on mining activity has interrupted the operations of the company during FY20, however, the same was for short time and the Company received the Consent to Operate (CTO) for the next five years on April 29, 2020.

Analytical Approach: Consolidated

Consolidation with its wholly owned foreign subsidiary, namely ASI Global Ltd, step-down foreign subsidiary, namely AI Rawasi Rocks and Aggregates LLC and one associate company, namely Stone Masters (India) Private Limited (due to significant influence).

Applicable Criteria:

[Policy on Withdrawal of Ratings](#)

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Consolidation of companies](#)

Liquidity – Adequate

ASI's liquidity appears to be adequate with a current ratio of 2.34x as on March 31, 2022 (Audited) as against 0.91x as on March 31, 2021 (Audited). Cash and Bank balance stood at Rs.7.07 crore as on March 31, 2022 (Audited). Sale proceed of Engineered Stone Unit invested in funds resulting in improvement in current ratio. Further, no major capex is envisaged in near to medium term with the Company's focus on the existing Kota stone business.

About the Company

ASI Industries Ltd [formerly Associated Stone Industries (Kotah) limited] was established in 1945 in Kota, Rajasthan, by the members of the Jatia family. The Company is into stone mining and wind power generation.



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Financials (Standalone):

(Rs. crore)

For the year ended* As on	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	226.80	238.03
EBITDA	36.61	(14.17)
PAT	11.85	(55.90)
Total Debt	302.97	109.40
Tangible Net worth	229.61	189.94
Ratios		
EBITDA Margin (%)	16.14	Not meaningful
PAT Margin (%)	5.14	Not meaningful
Overall Gearing Ratio (x)	1.19	0.45

*Classification as per Infomerics' standard

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (PR dated October 28, 2021)	Date(s) & Rating(s) assigned in 2020-21 (PR dated August 3, 2020)	Date(s) & Rating(s) assigned in 2019-20 (PR dated September 03, 2019)
1.	Term Loans	Long Term	5.85	IVR BB+/ Stable & Withdrawn	IVR BBB-/ Credit watch with developing Implications	IVR BBB-/ Stable	--
2.	Cash Credit/WCD L	Long Term	28.16	IVR BB+/ stable & Withdrawn	IVR BBB-/ Credit watch with developing Implications	IVR BBB-/ Stable	--



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3.	Bank Guarantee	Short Term	2.32	IVR A4+ & Withdrawn	IVR A3/ Credit watch with developing Implications	IVR A3	--

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loan	-	-	Up to May 2029	5.85	IVR BB+/ and Withdrawn
Cash Credit	-	-	-	28.16	IVR BB+/ and Withdrawn
Bank Guarantee	-	-	-	2.32	IVR A4+ and Withdrawn



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Annexure 2: List of companies considered for consolidated analysis:

Name of the Company	Extent of Consolidation
ASI Global Ltd	Full Consolidation
Al Rawasi Rocks and Aggregates LLC	Full Consolidation
Stone Masters (India) Private Limited	Equity Method

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-ASI-dec22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument / facilities: Not applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.