



## Press Release

### ASI Industries Limited (ASI)

October 28, 2021

#### Ratings

Instrument/ Facility	Amount (INR. Crore)	Ratings	Rating Action
Long Term Fund Based Bank Facility – Term Loans	168.66 (Increased from INR153.13 Crore)	IVR BBB-/ Credit watch with developing Implications (IVR Triple B Minus with Credit watch with developing Implications)	Rating Reaffirmed and placed on Credit watch with developing Implications
Long Term Fund Based Bank Facility – Cash Credit/WCDL	58.16 (Increased from INR52.00 Crore)	IVR BBB-/ Credit watch with developing Implications (IVR Triple B Minus with Credit watch with developing Implications)	Rating Reaffirmed and placed on Credit watch with developing Implications
Short Term Non Fund Based Bank Facility – LC	0.00 (Reduced from INR26.00 Crore)	Withdrawn	Withdrawn*
Short Term Non Fund Based Bank Facility – Bank Guarantee	2.32	IVR A3/ Credit watch with developing Implications (IVR A Three with Credit watch with developing Implications)	Assigned and placed on Credit watch with developing Implications
<b>Total</b>	<b>229.14</b>		

\*The rating is withdrawn as the facility has been closed.

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The Ratings are 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 Board of Directors of the Company at its meeting held on July 26, 2021 approved the slump sale of the Engineered Stone Division of the Company to Marudhar Rocks International Private Limited. The MoU in this regard was executed on 27 July, 2021 between the two parties. The transaction is targeted to close by March 2022.

Further, the company has announced that as per the further discussion between the parties and approval of the board, at its meeting held on October 22, 2021, the said division will be transferred to Marudhar Quartz Surfaces Private Limited, a Subsidiary of the Marudhar Rocks International Private Limited.



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The reaffirmation of the rating continues to derive strength from an established market position of the company supported by experienced promoters, range bound EBITDA margin and healthy financial risk profile. However, these strengths are partially offset by working capital intensive nature of operations and susceptibility to regulatory changes.

### **Key Rating Sensitivities**

#### **Upward Factor**

- Significant and sustained improvement in operating income along with profitability.
- Significant improvement in debt protection parameters.

#### **Downward Factor**

- Any decline in the operating income and/or profitability.
- Any deterioration in the debt protection parameters of the Company.

### **List of 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. As per the management, ASI is one of the largest producers of Limestone in the country with a market share of ~47%. 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 14.80% in FY18 and 16.75% in FY17. The same declined in FY20 to 5.87% due to disruption in the operations during the year. Nevertheless, with normalization of mining operations at Ramganjmandi unit, the EBITDA margin has improved to 16.14% in FY21.

##### ***Healthy Financial Risk profile:***

Capital structure of the Company remained comfortable with an overall gearing of 1.26x as on March 31, 2021 (FY20: 1.37x) and total debt to EBITDA of 8.27x as on March 31, 2021 (FY20: 24.71x). Debt protection indicators remained healthy marked by an interest coverage of 5.47x as at FY21 (FY20: 1.42x). Going forward, with proposed slump sale of Engineered Stone



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division, the Company's debt levels are likely to come down drastically which will lead to reduction in finance cost and improvement in the profitability.

### **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 around 40 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.

#### ***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:**

Rating Methodology for Manufacturing Companies  
Financial Ratios & Interpretation (Non-Financial Sector)

### **Liquidity: Adequate**

The Company has adequate liquidity marked by a healthy gross cash accruals against maturing repayment obligations and cash and bank balances to the tune of Rs. 7.49 Crs as on March 31, 2021. Further, no major capex is envisaged in near to medium term with the Company's focus on the existing Kota stone business. The average fund based working Capital limit utilization of the company remained healthy at ~26.46% over the last 12 months ended Aug 2021.

### **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



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mining, wind power generation and has ventured into manufacturing of engineered stone using patented Italian technology.

### Financials (consolidated)

(Rs. crore)

For the year ended* / As On	31-03-2020 (Audited)	31-03-2021 (Audited)
Total Operating Income	207.52	226.80
EBITDA	12.19	36.61
PAT	31.40	11.85
Total Debt	301.18	302.97
Tangible Net Worth	220.27	240.95
<b>Ratios</b>		
EBITDA Margin (%)	5.87	16.14
PAT Margin (%)	12.54	5.14
Overall Gearing Ratio (x)	1.37	1.26

\*Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** N.A.

**Any other information:** N.A.

**Rating History for last three years:**

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 (August 03, 2020)	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1	Long Term Fund Based Bank Facility - Term Loans	Long Term	168.66	IVR BBB-/ Credit watch with developing Implications	IVR BBB-/ Stable Outlook	--	--
2	Long Term Fund Based Bank Facility - Cash Credit/WCDL	Long Term	58.16	IVR BBB-/ Credit watch with developing Implications	IVR BBB-/ Stable Outlook/ IVR A3*	--	--
3	Short Term Non Fund Based Bank Facility – LC	Short Term	0.00	Withdrawn	IVR A3	--	--
4	Short Term Non Fund Based Bank Facility – Bank Guarantee	Short Term	2.32	IVR A3/ Credit watch with developing Implications	--	--	--

\*LC/BG was the sublimit of cash credit.



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### Name and Contact Details of the Rating Analyst:

Name: Mr. Parthkumar Thakker

Tel: (022) 62396023

Email: [pthakker@infomerics.com](mailto:pthakker@infomerics.com)

Name: Mr. Amit Bhuwania

Tel: (022) 62396023

Email: [abhuvania@infomerics.com](mailto:abhuvania@infomerics.com)

### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facility – Term Loans	--	--	Up to May 2029	168.66	IVR BBB-/ Credit watch with developing Implications
Long Term Fund Based Bank Facility – Cash Credit/WCDL	--	--	--	58.16	IVR BBB-/ Credit watch with developing Implications





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Short Term Non Fund Based Bank Facility – Bank Guarantee	--	--	--	2.32	IVR A3/ Credit watch with developing Implications
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### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/ASI-Industries-lenders-oct21.pdf>

### Annexure 3: List of companies considered for consolidated analysis:

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

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

### Annexure 5: Complexity level of the rated Instruments/Facilities

Sr. No.	Instrument	Complexity Indicator
1	Term Loans	Simple
2	Cash Credit/WCDL	Simple
3	Bank Guarantee	Simple

**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](http://www.infomerics.com).