



Rating Rationale

A.S. Enterprise

25 June 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 17.00 Crores of A.S. Enterprise.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2017)	Present
Non Fund Based	17.00	17.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4+ (Pronounced as BWR A Four Plus) [Reaffirmation]
Total	17.00	17.00	INR Seventeen Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials upto FY17, provisional FY18 and projections for FY18 of A S Enterprise, publicly available information/clarification provided by the firms' management.

The rating review factors in the promoters' experience and expertise in diamond polishing business, long relationship with clients resulting in repeat orders, dealing in diamonds having stable demands, moderate financial risk profile and improving profit margins.

However, the rating continues to be constrained due to moderate scale of operations, working capital intensive nature of operations, concentrated expertise limiting business diversification and industry characterized by competition from players in the unorganized as well as organized sectors.

Going forward, the firm's ability to increase the scale of operations, improve profit margins, and efficiently manage its working capital cycle and control receivables and payable days remains the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

- **Experienced Partners** - A.S. Enterprise is promoted by two partners, Mr. Amit Shah and Mr. Sandip Kothari. Both partners have almost 3 decades of experience and expertise of Diamond industry.



- **Longstanding Relations With The Customers** - The firm has established relations with customers resulting in repeat orders providing revenue visibility.
- **Credit Risks:**
 - **Fluctuating Profit Margins** - The firm faces susceptibility of margin due to fluctuations in diamond prices on account of competition from players in the organized and unorganized sectors in the market.
 - **Partnership Concern** - There is an inherent risk involved in a partnership concern, wherein any significant capital withdrawal may lead to an adverse capital structure.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **A.S. Enterprise** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

Incorporated in Jan 1986 as Partnership firm, A.S. Enterprise is involved in cutting & polishing of rough diamonds. The Firm generally imports rough diamonds from Belgium, Thailand, U.S and polish them, and exports them to different countries. US contributes 25% of total exports and firm has its manufacturing division at Dahisar, Mumbai.

Firm Financial Performance

The firm has earned a revenue and PAT in tune of Rs 87.90cr & Rs 1.94cr in FY17 vis-a-vis Rs 87.71cr & Rs 1.83cr in FY16. On provisional basis in FY18 the firm has achieved sales of Rs 89.50cr .

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	31st March 2017	2016	14th December 2015
	Non Fund Based	Short Term	17.00	BWR A4+	BWR A4+	NA	BWR A4+
	Total			₹ Seventeen Crores Only			

Status of non-cooperation with previous CRA (if applicable) - NA

Any other information - NA

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Crores	87.90	87.71
EBITDA	Crores	3.18	3.07
PAT	Crores	1.94	1.83
Tangible Net worth	Crores	18.05	17.54
Total Debt/Tangible Net worth	Times	1.03	0.84
Current Ratio	Times	1.43	1.80

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
Bal Krishna Piparaiya CGM-Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.



BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.