

Rating Report

Brickwork Ratings reaffirms rating of 'BWR A4+' for Bank Loan facilities of ₹17.00 Cr of A S Enterprise.

Brickwork Ratings has reviewed the **Ratings**¹ for Bank Loan facilities aggregating ₹ 17.00 Cr of A S Enterprise availed from Union Bank of India as:

| Facility | Previous Limit (₹ Cr) | Present Limit (₹ Cr) | Tenure | Previous Rating (August 2014) | Present Rating (December 2015) |
|--------------------|-----------------------|----------------------|------------------------------------|--------------------------------------|--------------------------------------|
| FDBP/FUDBP/A FDBC | 15.00 | 17.00 | Short Term | BWR A4+ (Pronounced BWR A Four Plus) | BWR A4+ (Pronounced BWR A Four Plus) |
| Direct Bills Limit | -7.50 | -8.50 | | | |
| PC/PCFC | -7.20 | -7.20 | | | |
| Total | 15.00 | 17.00 | (INR Seventeen Crores Only) | | |

BWR has essentially relied upon the audited financials of FY13, FY14, FY15 projections for FY16 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, low gearing, healthy coverage indicators and promoters ability to infuse equity capital.

However, the rating continues to be constrained due to moderate scale of operations, low profit margin due to less value addition and 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.

Firm 's Profile

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.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management Profile

A.S. Enterprize is promoted by two partners, Mr. Amit Shah and Mr. Sandip Kothari. Both partners has almost 3 decades of experience and expertise of Diamond industry.

Financial Performance

The Net Sales of the firm has increased from Rs.79.57 Cr in FY14 to Rs.99.29 Cr in FY15. The operating profit margin has declined due to exchanges rate fluctuation in FY 15. Coverage indicators are at comfortable position with current ratio of 1.36 times reflects adequate liquidity position in FY 15. Working capital cycle has improved as compare to previous year.

Rating Sensitivities

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

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Annexure – I
A S Enterprise
Profit and Loss Account

| Crores | 31/03/13 | 31/03/14 | 31/03/15 |
|--|-----------------|-----------------|-----------------|
| Result Type | Audited | Audited | Audited |
| Gross Sales | 90.89 | 79.57 | 99.29 |
| Net Sales | 90.89 | 79.57 | 99.29 |
| Other Operating Income | 2.31 | 5.63 | 2.34 |
| Total Operating Income | 93.20 | 85.20 | 101.63 |
| Raw Material Consumed | 68.02 | 63.57 | 80.06 |
| Change In Inventory (Increase)/Decrease | 3.42 | -1.51 | -3.47 |
| Power and Fuel Expenses | 0.02 | 0.02 | 0.02 |
| Employee Cost | 14.12 | 13.96 | 18.30 |
| Manufacturing Expenses | 1.58 | 0.17 | 0.18 |
| Cost of Goods Sold | 87.16 | 76.21 | 95.09 |
| Selling, General and other Administrative expenses | 2.43 | 2.37 | 2.77 |
| Operating Expenses | 89.59 | 78.58 | 97.86 |
| OPBDIT | 3.61 | 6.62 | 3.78 |
| Depreciation/Amortization/Impairment | 0.17 | 0.20 | 0.24 |
| OPBIT | 3.45 | 6.42 | 3.54 |
| Interest and Finance Charges | 0.94 | 4.72 | 1.83 |
| OPBT | 2.51 | 1.70 | 1.71 |
| Non Operating Income(Expenses) | 0.03 | 0.01 | 0.04 |
| PBT | 2.54 | 1.71 | 1.75 |
| PAT(Continuing Operations) | 2.54 | 1.71 | 1.75 |
| PAT | 2.54 | 1.71 | 1.75 |

**Annexure – II
A S Enterprise
Balance Sheet**

| Crores | 31/03/13 | 31/03/14 | 31/03/15 |
|--------------------------------|-----------------|-----------------|-----------------|
| | Audited | Audited | Audited |
| Liabilities | | | |
| EQUITY AND RESERVES | 15.25 | 16.92 | 16.40 |
| Share capital | 12.71 | 15.21 | 14.65 |
| Reserves and Surplus | 2.54 | 1.71 | 1.75 |
| Non-current liabilities | 0.00 | 0.00 | 0.00 |
| Current liabilities | 39.12 | 28.44 | 39.77 |
| Short-Term Borrowings | 15.72 | 14.63 | 19.15 |
| Trade Payables | 22.43 | 13.81 | 20.62 |
| Other Current Liabilities | 0.96 | 0.00 | 0.00 |
| Total Liabilities | 54.37 | 45.36 | 56.17 |
| ASSETS | | | |
| Non-current assets | 1.41 | 1.71 | 2.17 |
| Net Fixed assets | 1.41 | 1.71 | 2.17 |
| Current assets | 52.96 | 43.65 | 53.99 |
| Inventories | 10.22 | 12.77 | 14.39 |
| Trade Receivables > Six Months | 0.07 | 0.00 | 0.00 |
| Trade Receivables < Six Months | 41.58 | 28.69 | 38.66 |
| Cash and Cash Equivalents | 0.03 | 0.24 | 0.45 |
| Short-Term Loans and Advances | 1.06 | 1.95 | 0.50 |
| Total Assets | 54.37 | 45.36 | 56.17 |

**Annexure – III
A S Enterprise
Ratio Analysis**

| Ratio Analysis | 31/03/13 | 31/03/14 | 31/03/15 |
|-------------------------------|----------|----------|----------|
| | Audited | Audited | Audited |
| Tangible Net Worth | 15.25 | 16.92 | 16.40 |
| Tangible Net Worth (Analyzed) | 15.25 | 16.92 | 16.40 |
| Total Debt/TNW | 1.03 | 0.86 | 1.17 |
| Total Debt/TNW(Analyzed) | 1.03 | 0.86 | 1.17 |
| Long Term Debt/TNW | 0.00 | 0.00 | 0.00 |
| TOL/TNW | 2.57 | 1.68 | 2.42 |
| ISCR | 3.86 | 1.40 | 2.07 |
| ISCR(Analyzed) | 3.86 | 1.40 | 2.07 |
| DSCR | 3.89 | 1.40 | 2.09 |
| DSCR(Analyzed) | 1.24 | 1.39 | 1.60 |
| Net Cash Accruals/Total Debt | 0.03 | 0.01 | 0.03 |
| Net Profit Margin | 2.73 | 2.01 | 1.72 |
| Operating Profit Margin | 3.88 | 7.77 | 3.72 |
| ROCE | 13.26 | 20.53 | 10.55 |
| Current Ratio | 1.35 | 1.53 | 1.36 |
| Current Ratio(Analyzed) | 1.35 | 1.53 | 1.36 |
| Days Receivables | 121 | 161 | 124 |
| Days Inventory | 49 | 55 | 52 |
| Days Payable | 97 | 102 | 80 |
| Conversion Cycle | 73 | 114 | 96 |