

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' & 'BWR A4' for the Bank Loan facilities aggregating to ₹ 26.30 Cr of Airavat Industries Private Limited.

Brickwork Ratings has assigned the following **Ratings**¹ for Bank Loan facilities of Airavat Industries Private Limited. ('AIPL or the Company')

Facilities	Limits (₹ Cr)	Tenure	Rating
Fund Based (FB):			
Term Loan	1.30	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook : Stable)
Cash Credit	10.00		
Sublimit: Letter of Credit	(3.75)		
Non Fund Based:			
Bank Guarantee	8.00	Short Term	BWR A4 (Pronounced BWR A Four)
Letter of Credit	7.00		
Total Limits	26.30	INR Twenty Six Crores & Thirty Lakhs Only	

BWR has essentially relied upon the audited financials of FY14 and FY15, provisional numbers FY16 and projections of FY17 & FY18, publicly available information and the information/clarification provided by the management.

The rating has factored, inter alia, the strength it derives from the established long track record of the company, extensive business experience of more than 10 years of the management and well established relationship with customers and suppliers.

However, the rating is constrained by its relatively small scale of operation, thin profitability margin, average debt protection indicators, stiff competition from established players in market, sluggishness in the Real Estate sector and susceptibility of profitability margins to volatile raw material prices.

Background:

Airavat Industries Pvt Ltd. was incorporated in the year August 2012. AIPL is engaged in the manufacturing of Autoclaved Aerated Concrete Panel (AAC) and EPS Panel. The company has established a state-of-art manufacturing facility at Bhuj, Gujarat with production capacity of 86400 pieces of cement panels in a year. Airavat manufactures different types of panels such as AAC Panels, XPS Extrusion sheet, EPS Foaming, Sandwich Panel, 3D Panel, Metal Roll Forming, Plastic Extrusion, Dry Mortar, Asphalt Mixing Plant, Fibre cement board, Gypsum Board. Airavat provides pre-fabricated solar mounting structures, inverter and control rooms and transmission towers. The flagship company of the group is SATEC Envir Engineering India Pvt Ltd which is engaged in pre-engineered structures and solar infrastructure.

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

Management:

Mr. Amar Prakash Agarwal is the Managing Director of the Company and has more than two decades of experience in the same line of industry. The company has a well-qualified and experienced management.

Financial Performance:

The Company has registered a revenue growth of 4.04% in FY15. Profitability, both operating profit margin and PAT margin are at 5.06% and 0.68% respectively. The gearing level of the company is reported at 2.94 times in FY15. The current ratio stood at 1.27 times in FY15. Coverage ratios ISCR and DSCR are at 1.05 times and 1.13 times respectively.

Rating Outlook:

The Rating outlook is expected to be stable in near term. Going forward, the ability to increase its scale of operations, achieve projected financial, improve its profit margins and optimum utilization of working capital by reducing receivable levels are the key rating sensitivities for the Company.

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