

Rating Rationale

Brickwork Ratings assigns 'BWR BB' rating for the Bank Loan Facilities of ₹ 1.34 Crores of Aswani Construction Private Limited (ACPL).

Brickwork Ratings has assigned the following **Ratings**¹ for the Bank Loan Facilities amounting to ₹ 21.34 Crores of Aswani Construction Private Limited.

Outstanding Ratings

Facility	Limits (₹In Crs)	Tenure	Rating
Cash Credit	12.00	Long Term	BWR BB <i>(Pronounced BWR Double B)</i> Outlook-Stable
Term Loan	9.34	Long Term	
Total	₹ 21.34 (INR Twenty one Crores thirty four lakhs only)		

BWR has relied upon ACPL's audited financial results of up to FY15, provisional financials of 1H Sep'15, projected financials up to FY18, publicly available information, and information/clarifications provided by the company.

The rating is primarily constrained by limited experience of the company in manufacturing AAC blocks, moderate financial risk profile reflected in minor decline in sales and profits, competitive pressure is expected to remain high on account of low entry barriers. However, the same is somewhat mitigated by healthy demand indicators for AAC blocks and location advantages owing to proximity to raw material sources as well as major consumption centres in Gujarat and Maharashtra. The rating also takes comfort from the strong group support by virtue of being a part of the Surat based Ascon Group of Developers.

Financial Performance

ACPL has recorded net sales of ₹60 cr in FY15 down by 7.7% from ₹65 cr with a decline in net income to ₹3.2 cr from ₹1.9 cr. However, the cash accruals remain almost constant at ₹9 cr.

Company's Background:

Established in 1996, Aswani Construction Private Limited (ACPL) was engaged in real estate development majorly residential projects till 2010. In January 2013, the company started a plant to manufacture Autoclaved Aerated Concrete (AAC) blocks with an installed capacity of 3.96 lakh m³ per annum which was enhanced to 4 lakh m³ per annum.

Customers of ACPL include Larsen & Toubro, Raheja, Lodha group, Reliance, etc.

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

Management profile

The board of ACPL comprises of three directors, viz Jaiprakash Aswani, Ashok Aswani, and Navin Aswani (son of Ashok Aswani). Jaiprakash Aswani and Ashok Aswani has an extensive experience of around 2 decades in the construction industry.

Rating Outlook:

The company's ability to execute the capital expansion plan without cost overruns, increase its scale of operations, improve its overall financial profile and managing its working capital efficiently will be key rating sensitive.

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