

Rating Rationale

Brickwork Ratings assigns 'BWR B' to the Bank Loan Facilities of Grams Infratech (India) Private Limited

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities amounting to Rs.3.46 Cr sanctioned by Bank of Maharashtra to Grams Infratech (India) Private Limited ("**GIPL**" or "**the Company**"):

Facilities	Limits Rated (₹ Cr)	Tenure	Rating ¹
Fund Based:		Long Term	BWR B (Pronounced as BWR Single B) Outlook : Stable
Term Loan *	2.29		
Cash Credit	1.17		
Total Amount	3.46	INR Three Crores & Forty Six Lakhs only	

* Term loan amount outstanding as on 3.12.15

BWR has essentially relied upon the company's audited financials up to FY 15, projections for FY 16 & FY 17, publicly available information and the information/clarifications provided by the management of the company.

The rating has, inter-alia factored experience of the directors in similar line of activities since 1975, reputed customer base, low debt-equity ratio, y-o-y growth in sales revenue, ability to sustain its business in a highly volatile and competitive industry. The rating is however, constrained by the modest scale of operations, working capital intensive nature of business and increasing competition with many organised and unorganised players in the industry.

Background:

Grams Infratech (I) Private Limited was established on 10th March 2011 in the district of Dhantoli, Nagpur, Maharashtra for manufacture and sale of fly-ash bricks, blocks and pavers. The production capacity is 1.78 Lacs of bricks per annum. The major raw-materials are fly ash, sand, metal stone, dust, cement and water. The fly ash bricks are further categorised into 4 inch & 6 inch ash bricks, retaining wall blocks, unistone pavers, interlocking blocks, etc; based on customer specifications. The company's customers include – real estate and construction companies who are in to development of township and construction of buildings in and around the city of Nagpur.

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

Management:

Mr. Avinash Warjekar, Mrs. Vrunda Warjekar and few others were the promoter-directors of Grams Infratech (India) Pvt Ltd, who started the business during 2011, however, could not continue with the company due to certain unavoidable reasons. During November 2013, the company was taken over by Bajaj group of companies and its management was newly constituted by two directors - Mr. Govind Harikisan Bajaj (81%) and Mrs. Madhu Govind Bajaj (13%). Mr. Govind Bajaj has been in the industry of trade and distribution of construction related product since 1975. He is also running three other businesses namely -Bajaj Trading & co., Bajaj Innovations and Akshay Innovations Pvt Ltd. Akshay Innovations P Ltd operates on the lines of real estate & construction while, Bajaj Innovations deal with products relating to Modular kitchen, Wardrobes, doors, PVC furniture etc.

Financial Performance:

GIPL has reported a total revenue of ₹ 6.41 Crs and PAT of ₹ 0.23 Crs in FY 15 as against ₹ 5.22 Crs and ₹ 0.24 Crs respectively in FY14. The net worth of the company stood at ₹ 2.74 Crs as on March 31, 2015. Total Debt to Equity ratio was at 0.80 times (considering the unsecured loans from directors as quasi -equity) in FY 15. ISCR and DSCR for FY 15 was at 1.95 times and 0.74 times respectively as compared to 2.13 times and 0.81 times in FY 14.

Rating Outlook:

The rating outlook for the company is expected to be stable over the current year. Going forward, ability of the company to improve its profit margins, to achieve geographical and customer diversification in its revenue profile, to increase its net cash accruals and to improve its capital structure through infusion of capital will be the key rating sensitivities.

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