Rating Rationale

Brickwork Ratings assigns the ratings to 'BWR B-' for Bank Loan facilities aggregating ₹20.94 Cr of Kansal Building Solutions Private Limited

Brickwork Ratings have assigned the **Ratings**[1] for Bank Loan facilities aggregating ₹ 20.94 Cr of **Kansal Building Solutions Private Limited** availed from Dena Bank as:

Facility	Limits (Rs in Cr)	Tenure	Rating
Fund Based:		Long Term	BWR B- (Outlook:Stable) *(Pronounced BWR B Minus)*
Cash Credit	5.00		
Term Loan-I	7.32		
Term Loan-II	8.62		
Total	**20.94**	**INR Twenty Crores and Ninety Four Lakhs only**	

BWR has essentially relied upon the audited financials for FY12, FY13, FY14, and Projected financials for FY15 of Kansal Building Solutions Private Limited, publicly available information and information/clarification provided by the Company's management.
The rating continues to factor in the promoters' experience in diversified sectors, marginal growth in revenues, adequate availability of raw materials, Healthy demand indicators of AAC blocks. However, rating is constrained by limited track record of promoters in the AAC blocks manufacturing, weak financial risk profile, marked by low profitability, low debt protection metrics, stretched capital structure.

Background:
Kansal Building Solutions Private Limited is a private limited company incorporated in 2010 by Mr. K.B Aggarwal and his two sons – Mr. Ashwani Aggarwal and Mr. Abhishek Aggarwal. The Company is engaged in the manufacturing of AAC (Autoclave Aerated Concrete) Blocks that is used by the construction industry. The manufacturing unit of the Company is located in Ponda Saheb, Himachal Pradesh on a land area spread across 30 acres.

The major raw materials required to manufactures AAC Blocks is Fly Ash. The other raw materials used are cement, lime, gypsum, aluminium and water which are majorly sourced from local suppliers . These products are are largely used in various constructions, such as load bearing and pillar structure Buildings, Boundary walls, Roads, Culverts, Pavements, and wherever conventional bricks can be used. The Company caters to the retail segment i.e. single

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

home builders in Northern India and commercial segment i.e. FDI Projects of large companies. Both segment represents 50% of the total sales.

Financial Performance:

Revenues of ₹ 1.41 Cr is for the last quarter of FY14. The Company has achieved revenues of ₹ 1.73 Cr and ₹ 3.20 Cr in the first two quarters of FY15. Net worth stood at ₹ 7.99 Cr in FY 14 and debt to equity ratio stands at 2.99 times in FY14 against 0.88 times in FY 13. The operating profit has increased from ₹ -0.11 in FY13 to ₹ 0.33 in FY14.

Rating Outlook:

The rating reflects the position of the firm in the segment of AAC Block manufacturing. Going forward, the firm's ability to improve on scale of operations, increase networth, efficient inventory management and maintain its profitability margins will remain the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	**Media Contact**
1-860-425-2742	media@brickworkratings.com