

## Rating Report

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

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

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

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.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

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.

**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. Financials are presented in the Annexures.

**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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**Annexure – I**  
**Airavat Industries Pvt Ltd**  
**Profit and Loss Account**

<b>Crores</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Provisional</b>
Gross Sales	10.95	49.53	79.02
Excise Duty/Sales Tax	1.22	0.53	0.00
<b>Net Sales</b>	<b>9.73</b>	<b>49.00</b>	<b>79.02</b>
<b>Total Operating Income</b>	<b>9.73</b>	<b>49.00</b>	<b>79.02</b>
Change In Inventory (Increase)/Decrease	3.82	2.16	0.42
Traded Goods Purchased	12.25	47.77	73.30
Employee Cost	0.24	0.49	0.26
Manufacturing Expenses	0.01	0.19	0.68
Cost of Goods Sold	8.67	46.30	74.67
Selling, General and other Administrative expenses	0.19	0.23	0.12
<b>Operating Expenses</b>	<b>8.86</b>	<b>46.52</b>	<b>74.79</b>
<b>OPBDIT</b>	<b>0.87</b>	<b>2.48</b>	<b>4.22</b>
Depreciation/Amortization/Impairment	0.00	0.01	0.01
<b>OPBIT</b>	<b>0.87</b>	<b>2.47</b>	<b>4.21</b>
Interest and Finance Charges	0.64	2.35	2.76
<b>OPBT</b>	<b>0.23</b>	<b>0.11</b>	<b>1.45</b>
Non-Operating Income(Expenses)	0.12	0.27	0.31
<b>PBT</b>	<b>0.35</b>	<b>0.38</b>	<b>1.75</b>
Provision for Taxes	0.11	0.05	0.00
PAT (Continuing Operations)	0.24	0.33	1.75
<b>PAT</b>	<b>0.24</b>	<b>0.33</b>	<b>1.75</b>

**Annexure – II**  
**Airavat Industries Pvt Ltd**  
**Balance Sheet**

Crores	FY 14	FY 15	FY 16
Liabilities	Audited	Audited	Provisional
<b>EQUITY AND RESERVES</b>	<b>6.49</b>	<b>6.13</b>	<b>7.88</b>
Share capital	0.01	0.51	3.51
Preference Share Capital/Quasi Equity	0.00	3.00	0.00
Share Application Money Pending allotment	6.25	2.05	2.05
Reserves and Surplus	0.24	0.57	2.32
<b>Non-current liabilities</b>	<b>0.25</b>	<b>0.96</b>	<b>1.33</b>
<b>Long-Term Borrowings</b>	<b>0.20</b>	<b>0.91</b>	<b>1.33</b>
Other Long Term liabilities	0.05	0.05	0.00
<b>Current liabilities</b>	<b>15.69</b>	<b>18.22</b>	<b>26.56</b>
<b>Short-Term Borrowings</b>	<b>6.06</b>	<b>17.03</b>	<b>19.50</b>
Current Portion of Long Term Debt	0.00	0.08	0.00
Trade Payables	9.52	0.82	6.79
Other Current Liabilities	0.00	0.14	0.00
Short-Term Provisions	0.11	0.15	0.27
<b>Total Liabilities</b>	<b>22.43</b>	<b>25.31</b>	<b>35.78</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1.13</b>	<b>2.11</b>	<b>9.01</b>
Net Fixed assets	1.13	2.11	5.05
Non-Current Investments	0.00	0.00	3.96
<b>Current assets</b>	<b>21.30</b>	<b>23.20</b>	<b>26.77</b>
Current Investments	0.00	0.00	0.00
Inventories	3.82	5.98	5.56
Trade Receivables > Six Months	0.00	0.00	0.00
Trade Receivables < Six Months	6.52	14.37	11.97
Cash and Cash Equivalents	1.09	1.05	0.02
Short-Term Loans and Advances	9.15	0.81	7.59
Other Current Assets	0.72	0.98	1.63
<b>Total Assets</b>	<b>22.43</b>	<b>25.31</b>	<b>35.78</b>

**Annexure – III**  
**Airavat Industries Pvt Ltd**  
**Key Financial Ratios**

<b>Crores</b>	<b>Units</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>
<b>Result Type</b>		<b>Audited</b>	<b>Audited</b>	<b>Provisional</b>
<b>Total Debt</b>	<b>Crores</b>	<b>6.26</b>	<b>18.02</b>	<b>20.83</b>
Total Debt (Analysed)	<b>Crores</b>	6.26	18.02	20.83
<b>Tangible Net Worth</b>	<b>Crores</b>	<b>6.49</b>	<b>6.13</b>	<b>7.88</b>
Tangible Net Worth (Analysed)	<b>Crores</b>	6.49	6.13	7.88
Capital Employed	Crores	12.75	24.14	28.72
<b>Total Debt/TNW</b>	<b>Times</b>	<b>0.96</b>	<b>2.94</b>	<b>2.64</b>
Total Debt/TNW(Analysed)	<b>Times</b>	0.96	2.94	2.64
Long Term Debt/TNW	<b>Times</b>	0.03	0.15	0.17
<b>TOL/TNW</b>	<b>Times</b>	<b>2.46</b>	<b>3.13</b>	<b>3.54</b>
<b>ISCR</b>	<b>Times</b>	<b>1.35</b>	<b>1.05</b>	<b>1.53</b>
ISCR(Analyzed)	<b>Times</b>	1.35	1.05	1.53
<b>DSCR</b>	<b>Times</b>	<b>1.37</b>	<b>1.13</b>	<b>1.60</b>
DSCR(Analyzed)	<b>Times</b>	3.16	0.04	1.60
<b>Net Cash Accruals/Total Debt</b>	<b>Times</b>	<b>0.04</b>	<b>0.02</b>	<b>0.08</b>
Net Cash Accruals/Long Term Debt	<b>Times</b>	1.22	0.38	1.32
Net Cash Accruals/Long Term Debt(Analyzed)	<b>Times</b>	1.22	0.38	1.32
<b>Net Profit Margin</b>	<b>%</b>	<b>2.45</b>	<b>0.68</b>	<b>2.22</b>
<b>Operating Profit Margin</b>	<b>%</b>	<b>8.97</b>	<b>5.06</b>	<b>5.35</b>
<b>ROCE</b>	<b>%</b>	<b>13.67</b>	<b>13.38</b>	<b>15.94</b>
<b>Current Ratio</b>	<b>Times</b>	<b>1.36</b>	<b>1.27</b>	<b>1.01</b>
Current Ratio(Analyzed)	<b>Times</b>	1.36	1.27	1.01
<b>Days Receivables</b>	<b>Days</b>	<b>122</b>	<b>78</b>	<b>61</b>
<b>Days Inventory</b>	<b>Days</b>	<b>80</b>	<b>39</b>	<b>28</b>
<b>Days Payable</b>	<b>Days</b>	<b>142</b>	<b>40</b>	<b>19</b>
<b>Conversion Cycle</b>	<b>Days</b>	<b>61</b>	<b>77</b>	<b>70</b>