

Rating Rationale

Brickwork Ratings assigns ‘BWR BBB-’ (Pronounced BWR Triple B minus) rating for the Proposed long-term Bank Facilities of ₹ 15 Crore for Asahi Infrastructure & Projects Limited (AIPL)

Bank Loan Rating: BWR BBB-

Outlook : Stable

Brickwork Ratings (BWR) has assigned the following ratings for the Proposed Long Term Bank Loan Facilities of Rs. 15.00 Crores of ASAHI INFRASTRUCTURE & PROJECTS LIMITED (“AIPL” or “the Company”).

Facility	Limits (₹Rs.Crs)	Tenure	Rating
Fund Based- Cash Credit	15 (Proposed)	Long Term	<p><i>BWR BBB-/Stable (Pronounced BWR Triple B Minus)</i></p> <p><i>Credit facilities with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations.</i></p>
Total	15 (INR Fifteen crore)		

The rating factors company’s diversified business profile, stable operating margins in last two years, low gearing driven by low debt levels, satisfactory order book & healthy networth position of the company. The rating is however constrained by substantial decline in revenue in FY 12, weak cash flows, decline in net cash accruals, and deterioration of ROCE & exposure to the risks and cyclicity of the real estate sector, which could result in fluctuations in cash flows owing to volatility in both projection execution and realizations.

The ability of Asahi Infra to ensure stability in revenue generation with increase in scale of operations, improved margins while maintaining the comfortable capital structure with low gearing are the key rating sensitivities.

Company Background

The company was incorporated as Ramdeobaba Builders and Housing Finance Private Limited on 7th June 1988. It was later converted into a Public Limited Company on 28th August 1990 and was renamed as ASAHI INFRASTRUCTURE & PROJECTS LIMITED on 15th January, 2002. AIPL is engaged in infrastructure development i.e. housing colonies with all infrastructures like roads, water supply, drainage, sewerage, street lights, park etc. to “Low Income Group” i.e. Economically Weaker Section (EWS), Low Income Group (LIG), and partly Middle Income Group (MIG).

AIPL is also engaged in trading diversified commodity mix which includes trading of steel and steel products like TMT Bars, ingots, other commodities like palm nuts, dry fruits etc.

Management Profile

The company is led by its Promoter & Chairman Prof. Laxminayaran Rathi who holds vast experience in Low Income Housing projects since past 27 years.

Financial Performance

During FY12, AIPL’s operating income declined to Rs 155.69 crore from Rs 521.94 crore in FY 11. Operating profits margins remained stable at 7.54% compared to 7.7% in previous year. AIPL earned PAT of Rs.11.40 crore on a total operating income of Rs.155.69 crore as compared to PAT of Rs.41.65 crore on a total operating income of Rs.521.94 crore in FY11.

Rating Outlook:

The firm envisages a growth in top line of the Company by ~ 80-90% in FY13 driven by healthy order book as on date. BWR expects the firm’s performance to remain stable during the next one year.

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Annexure I: Balance Sheet

Rs in Crs

Particulars	2010 Audited	2011 Audited	2012 Audited
SOURCES OF FUNDS			
Paid -Up Capital	33.63	35.08	35.08
Reserves & Surplus	32.85	76.74	89.23
Tangible Net worth	66.48	111.82	124.31
Secured Loans	0.60	0.95	0.75
Unsecured Loans	1.10	0.60	0.90
Total Borrowed funds	1.70	1.55	1.65
Deferred tax Liability	0.44		
Total Funds	68.62	113.38	125.96
APPLICATION OF FUNDS			
Net Fixed Asset	2.89	3.74	2.16
Investment	1.93	21.37	
Current Assets; of which	101.07	109.32	162.06
-Inventory	2.24	6.87	9.13
- Sundry Debtors	58.98	63.59	86.34
- Loans & Advances	38.69	38.64	65.96
- Cash & Bank Balances	1.16	0.23	0.63
Less: Current Liabilities & Provisions	37.28	21.05	38.26
- Sundry Creditors	31.32	20.26	38.14
- Other Current Liabilities	3.78	0.12	0.10
-Provisions	2.18	0.67	0.02
Net Current Assets	63.80	88.27	123.81
Total Assets	68.62	113.38	125.96

Annexure II: Abridged Profit and Loss

Particulars (Rs.crore)	2010	2011	2012
	Audited	Audited	Audited
Net Sales	366.77	521.94	155.69
Other operating Income	-	-	-
Total Operating Income	366.77	521.94	155.69
Trading Goods Purchased	-	427.47	132.16
Total Operating Expenditure	332.17	480.29	143.95
PBITDA	34.61	41.65	11.74
Depreciation	0.17	0.36	0.39
Interest and finance cost	0.04	0.12	0.09
Operating Profit Before tax	34.40	41.16	11.26
Non-Operating Income	0.76	0.01	0.15
PBT and extraordinary item	35.15	41.18	11.41
Provision for tax	0.21	0.52	0.00
Profit & Loss after Tax	34.94	40.65	11.40
Net Cash Accruals	35.19	41.29	12.07

Annexure III: Ratio Analysis*

Ratios	2010	2011	2012
	Audited	Audited	Audited
Gearing (Times)	0.03	0.01	0.01
Interest Coverage (Times)	922.1	338.0	129.7
DSCR (Times)	140.4	177.8	99.3
Tangible Net Worth (Rs. Cr)	66.48	111.82	124.31
EBITDA Margin (%)	9.44	7.98	7.54
PAT Margin (%)	9.53	7.79	7.32
ROCE (%)	94.64	45.38	11.20
Net Cash Accruals / Total Debt (x)	20.72	26.56	7.29
Current Ratio (Times)	2.4	4.6	2.2

*Calculation has been done based on BWR ratio definition