



Rating Rationale

Advance Ventilation Pvt Ltd

19 July 2018

Brickwork Ratings reaffirms ratings for the Bank Loan Facilities of Rs. 62.75 Crs of Advance Ventilation Pvt Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating ^	
	Previous	Present		Previous	Present
CC	10.25	11.25	Long Term	BWR BB+ (Outlook:Stable) (Pronounced BWR Double B Plus)	BWR BB+ (Outlook:Stable) (Pronounced BWR Double B Plus) (Reaffirmed)
PC/BD/BP	(3.00)	5.00	Short Term	BWR A4+	BWR A4+ (Reaffirmed)
LC	1.00	1.00			
LG	31.50	45.50			
Total	42.75	62.75	(INR Sixty Two Crores and Seventy Five Lakhs Only)		

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of **Advance Ventilation Pvt Ltd** up to FY17, provisional for FY18 (certified) and information/clarifications provided by the Company.

The rating has factored, inter alia, established track record of more than 36 years, Experienced Promoters, Strong client base, Healthy order book position and Moderate gearing level.

However, the rating is constrained by stagnant top line growth, small scale of operation, high receivables, high working capital intensive business and long conversion cycle.

Description of Key Rating Drivers

Experience of Promoters: Mr. S. K. Choudhary is an engineering graduate from BITS pilani and having been trained in Flakt India Ltd. he has experience of more than 40 years in this field of application engineering. Mr. A. K. Chaudhary is a commerce graduate from university of Delhi and have worked in



this field for more than 34 years. Mr. Sumit Chaudhary is an Engg. Graduate from Delhi college of engineering, a reputed Engineering College.

Established Track Record: Advance Ventilation Pvt Ltd (AVPL) was incorporated in 1981. The company is located at Pitampura, New Delhi. The company is mainly involved in fabrication of air handling fans / blowers such as; CENTRIFUGAL, AXIAL FLOW, CENTRIFUGAL-AXIAL; in single stage and 2-stage design, and in various other configurations, which are the core equipment for ventilation and air handling systems. It has accomplished many Industrial air handling and ventilation projects for various medium and large scale manufacturing units / process plants.

Strong client base and Healthy order book position: Company has reputed customers in its clientele list which caters to different industries –National Steel Industries Ltd, Hindware, Surya Roshni Ltd, Khemka Ispat Ltd, National engineering Industries ltd, JK tyres, Grasim, Aditya Cement, Jaypee Group, Chetak Spintex Ltd, Chettinad Cement Corporation Ltd, IOCL, Ranbaxy, Bhushan steels etc are the major customers. As on date company has total order book of ~Rs 23.00 Crs.

Moderate gearing level: coverage indicators remain moderate with DSCR and ISCR at 1.62 times (Prov FY18)

Stagnant growth: The topline growth remains stagnant, however company has reported revenue of Rs 73.19 Crs as per the Provisional FY18.

High receivables: High Receivables resulting in need for higher working capital due to the nature of business.

Rating Outlook: Stable

BWR believes the **Advance Ventilation Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Advance Ventilation Pvt Ltd (AVPL) was incorporated in 1981. The company is located at Pitampura, New Delhi. The company is mainly involved in fabrication of air handling fans / blowers such as; CENTRIFUGAL, AXIAL FLOW, CENTRIFUGAL-AXIAL; in single stage and 2-stage design, and in various other configuration, which are the core equipment for ventilation and air handling systems. The unit is located at Kundli, Sonapat. It has accomplished many Industrial air handling and ventilation projects for various medium and large scale manufacturing units / process plants. The company also provides solution systems in the field of Industrial ventilation, air handling, air pollution control and Air conditioning & Refrigeration. The company is an ISO 9001: 2000 certified unit.



Financial Performance

In FY17, company has achieved net sales of Rs 55.73 Crs against Rs 53.73 Crs in FY16. The operating profit margin stood at 8.06 per cent and net profit margin at 3.87 per cent for FY17. The company has debt equity of 1.01 times in FY17. The tangible net-worth stood at Rs 23.11 Crs for FY17. As per provisional FY18 (certified), the company has achieved sales of Rs 74.16 Crs.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument / Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs in Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	11.25	BWR BB+ (Outlook: stable)	BWR BB+ (Outlook: stable)	BWR BB+ (Outlook: stable)	Nil
2	Non Fund Based	Short Term	51.50	BWR A4+	BWR A4+	BWR A4+	
Total			62.75	INR Sixty Two Crores and Seventy Five Lakhs Only			

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Rs in Crs	55.73	53.73
EBITDA	Rs in Crs	4.49	4.40
PAT	Rs in Crs	2.16	1.24
Tangible Net worth	Rs in Crs	23.11	16.75
Total Debt/Tangible Net worth	Times	1.01	1.23
Current Ratio	Times	1.68	1.77



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

DISCLAIMER

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