



Rating Rationale

Astec Valves and Fittings Pvt Ltd

5 Dec 2017

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of Rs.8.02 Crores of Astec Valves and Fittings Pvt Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based (Term Loan) (Cash Credit – Hyp of Stocks)* (Cash Credit-Hyp of Debts)*	0.95 3.00	0.52 3.50	Long Term	BWR BB- (Outlook: Stable) (Pronounced as BWR Double BB Minus)	BWR B+ (Outlook: Stable) (Pronounced as BWR B plus) Downgraded
	0.50	0.00			
Non Fund Based (EPC 90 Days) FBP/FBN (DP 90 Days) (Guarantees)** (SBLC)**	3.00 3.00 4.00 (2.00)	0.00 0.00 4.00 (4.00)	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)
Total	10.95	Rs.8.02 Crores (Eight Crores and Two Lacs Only).			

*Max of Guarantees & SBLC

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited Financials up to FY16, provisional financial of FY17 and Projected financial of FY18, publicly available information/clarification provided by the company's management.

The ratings have factored inter alia the extensive experience of the promoters with established track record in the relevant industry, Moderate debt coverage ratio, comfortable gearing and adequate liquidity position. The ratings are however constrained by moderately high gearing, moderate liquidity Position and low margins.

Key Rating Drivers

Credit Strengths

Experienced Promoters- The promoters of the company has been involved in the same line of industry for a decade with established track record.



Moderate Debt Coverage Ratios- Moderate Debt coverage ratios indicated by ISCR at 4.67x and DSCR at 2.03x in FY17.

Comfortable Capital Structure: Comfortable gearing indicated by total debt to equity ratio at 0.42 times in FY17.

Adequate Liquidity Position: Adequate Liquidity position indicated by the current ratio of 1.67 times in FY17.

Credit Weakness:

Modest Scale of Operations: The year on year business growth of the company declined by 60% in FY17.

Thin Profitability Margins: Thin profitability margins indicated by net profit margins of 1.59% and operating profit margins of 8.90% in FY17.

Modest Working Capital Management: High level of inventory and payable days indicates efficient working capital management.

Rating Sensitivities:

Ability of the company to improve its scale of operations, with subsequent increase its turnover and profitability.

Ability of the company to improve its leverage and margins

Ability of the company to efficiently manage its working capital and liquidity position.

Ability of the company to achieve the projections submitted to BWR.

About the Company

Astec Valves and Fittings Private limited is a private limited incorporated in 1987 by Mr. Avtar Singh Kohli. The company is engaged in the line of manufacturing valves and fittings. Major products of the company are Instrument hook up material and prefabricated instrument hook up. The company has been awarded Rashtriya Udyog Award (2003) and Rajiv Gandhi Award (2004).

Earlier in 1965, Mr. Avtar Singh Kohli had set up Associate techno in the same line of business. Post his tenure his wife Mrs. Harcharan Kaur Kohli- Chairperson (retired in April 2015) son Mr Kiranbir Singh Kohli- Managing Director and daughter in law Mrs. Sherry Singh Kohli- Chief Financial Officer look after the management of company affairs.

Company Financial Performance

Particulars	Units	FY16 (Audited)	FY17 (Audited)
Total Operating Income	Crores	39.08	15.73
OPBDIT	Crores	5.92	1.40
PAT	Crores	3.09	0.25



Tangible Net worth	Crores	9.91	10.32
TOL/TNW	Times	1.02	0.97
Current Ratio	Times	1.62	1.67

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

SI No	Instrument/Facility	Current Rating (2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash credit	Long Term	3.50	BWR B+	BWR BB-	BWR BB-	N.A
2	Term Loan	Long Term	0.52	Downgraded			
3	Foreign/Inland LC	Short Term	4.00	BWR A4	BWR A4	BWR A4	N.A
4	SBLC	Short Term	(4.00)	Reaffirmed			
Total			8.02 (Eight Crores and Two Lacs Only)				

*N.A – Not Applicable/ N.R – Not Reviewed

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria to be hyperlinks from website to be taken

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9, 30, 000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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