

Rating Rationale

Brickwork Ratings reaffirms the Long Term fund based ratings as ‘BWR BB-’ and the Short Term ratings as ‘BWR A4’ for the Bank Loan Facilities amounting to ₹ 10.95Cr of Astec Valves and Fittings Private Limited

Brickwork Ratings has reaffirmed the **Rating¹** for the Bank Loan Facilities of Astec Valves and Fittings Private Limited (AVFPL), amounting to ₹10.95Crores from Bank of India as follows:

Facility	Limit (₹ Cr)		Tenure	Previous Rating	Present Rating
	Previous	Present			
Fund Based					
Cash Credit	6.00	6.00	Long-Term	BWR BB- (Pronounced BWR Double B minus) Outlook:Stable	BWR BB- (Pronounced BWR Double B minus) Outlook:Stable
Term Loan	1.30	0.95			
Non-Fund Based					
Foreign/Inland Letter of Credit	4.00	4.00	Short-Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four
SBLC	(2.00)	(2.00)			
Total	11.30	10.95	INR Ten Crores & Ninety Five Lacs only		

Rating mandate is for ₹11.30crores. However the rating was carried out for the amount of ₹10.95 crores, as the outstanding portion of term loan was considered for this purpose.

BWR has essentially relied upon the audited financial results up to FY15, provisional financial of FY16 & projected financial of FY17, publicly available information and information/clarification provided by the company's management.

The rating continues to factor in the promoters' experience, steady growth in revenues, long standing relations with the well reputed customers and high gearing level. However, the rating is constrained by much desired working capital management and the company's inability to achieve the projections submitted to BWR earlier.

Background:

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).

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

Management:

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.

Financial Performance:

During FY15, company's net revenue was ₹ 24.51 Crores and PAT was ₹ 2.05 Crores against net revenue of ₹ 15.61 Crores and PAT of ₹ 0.89 Crores in FY14. The Operating profit margins and Net profit margins were 17.15% and 8.70% respectively. Tangible Net-worth was ₹ 6.93 Crores. Further the current ratio stood at of 1.26 as on FY15.

Rating Outlook:

The company's performance over the next year is expected to be stable. Going forward, the company's ability to increase its scale of operations, maintain and increase its profitability, improve margins and the leverage will be key rating sensitivities.

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