

Rating Report

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 ₹ 10.95 Crores of Astec Valves and Private Limited.

Brickwork Ratings has reaffirmed the **Ratings¹** 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 (₹ Crs)		Tenure	Previous Rating	Present Rating
	Previous	Present			
Fund Based					
Term Loan- within one time L/C	(1.30)	0.95	Long-Term	BWR BB- (Pronounced BWR Double B minus) Outlook:Stable	BWR BB- (Pronounced BWR Double B minus) Outlook:Stable
Cash Credit(Hyp of Stocks)*	3.00	3.00			
Cash Credit(Hyp of Debts)*	3.00	0.50			
Non-Fund Based					
EPC 90 Days**	3.00	3.00	Short-Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four)
FBP/FBN (DP 90 Days)**	3.00	3.00			
Guarantees***	4.00	4.00			
SBLC***	(2.00)	(2.00)			
Total	11.30	10.95	INR Ten Crores & Ninety Five Lacs only		

*Maximum of CC- Hypothecation of Stock & Debts, **Maximum of EPC & FNP/FBN

***Maximum of Guarantees & SBLC.

Rating mandate is for ₹ 11.30 crores. 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.

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

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).

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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Astec Valves Fittings Private Limited
Annexure – I
Profit and Loss Account

Crores	FY 13	FY 14	FY 15
Result Type	Audited	Audited	Audited
Gross Sales	11.65	15.61	24.51
Excise Duty/Sales Tax	0.46	0.92	1.12
Net Sales	11.19	14.69	23.39
Other Operating Income	0.08	0.09	0.18
Total Operating Income	11.27	14.78	23.58
Operating Expenses	9.89	12.82	19.53
OPBDIT	1.39	1.97	4.04
Depreciation/Amortization/Impairment	0.30	0.38	0.70
OPBIT	1.08	1.58	3.34
Interest and Finance Charges	0.33	0.35	0.70
OPBT	0.75	1.24	2.64
Non-Operating Income(Expenses)	0.02	0.11	0.46
PBT	0.77	1.35	3.11
Provision for Taxes	0.23	0.45	1.05
PAT	0.55	0.89	2.05

Astec Valves Fittings Private Limited
Annexure – II
Balance Sheet

Crores	FY 13	FY 14	FY 15
Liabilities			
Equity & Reserves	4.09	4.98	6.98
Share capital	0.27	0.27	0.27
Reserves and Surplus	3.82	4.71	6.71
Non-current liabilities	0.60	0.78	1.62
Long-Term Borrowings	0.31	0.44	1.27
Deferred tax Liabilities (Net)	0.29	0.33	0.36
Current liabilities	4.06	6.34	11.75
Short-Term Borrowings	1.29	2.06	1.60
Current Portion Of Long Term Debt	0.06	0.13	0.41
Trade Payables	2.31	3.65	8.56
Other Current Liabilities	0.19	0.18	0.72
Short-Term Provisions	0.21	0.31	0.46
Total Liabilities	8.76	12.09	20.36
Assets			
Non-current assets	3.89	4.54	6.19
Net Fixed assets	3.48	4.17	5.61
Capital Work-In-Progress	0.14	0.06	0.24
Net Intangible assets	0.01	0.04	0.05
Non-Current Investments	0.15	0.15	0.15
Long Term Loans and Advances	0.11	0.11	0.14
Current assets	4.87	7.56	14.17
Inventories	2.48	2.76	9.63
Trade Receivables > Six Months	0.07	0.13	0.59
Trade Receivables < Six Months	1.49	3.85	2.60
Cash and Cash Equivalents	0.21	0.21	0.36
Short-Term Loans and Advances	0.61	0.51	0.73
Other Current Assets	0.00	0.10	0.25
Total Assets	8.76	12.09	20.36

Astec Valves Fittings Private Limited
Annexure – III
Key Financial Ratios

Particulars	FY 13	FY 14	FY 15
Long Term Borrowings	0.31	0.44	1.27
Short Term Borrowings	1.29	2.06	1.60
Current Portion Of Long Term Debt	0.06	0.13	0.41
Total Debt	1.66	2.63	3.28
Total Debt (Analysed)	1.61	2.60	3.28
Tangible Net Worth	4.08	4.94	6.93
Tangible Net Worth (Analysed)	4.15	5.01	6.98
Capital Employed	6.04	7.91	10.57
Total Debt/TNW	0.41	0.53	0.47
Total Debt/TNW(Analysed)	0.39	0.52	0.47
Long Term Debt/TNW	0.08	0.09	0.18
TOL/TNW	1.11	1.41	1.92
ISCR	4.17	5.65	5.81
ISCR(Analysed)	4.17	5.65	5.81
DSCR	2.56	3.93	4.17
DSCR(Analysed)	2.48	3.17	3.86
Net Cash Accruals/Total Debt	0.52	0.47	0.72
Net Cash Accruals/Long Term Debt	2.78	2.76	1.87
Net Cash Accruals/Long Term Debt(Analysed)	3.50	3.24	1.93
Net Profit Margin	4.84	6.02	8.70
Operating Profit Margin	12.31	13.32	17.15
ROCE	18.96	22.73	36.15
Current Ratio	1.20	1.19	1.21
Current Ratio(Analysed)	1.18	1.17	1.16
Days Receivables	43	69	56
Days Inventory	113	92	140
Days Payable	130	142	126
Conversion Cycle	26	19	70

As Per BWR Calculations