ICRA

Advance Valves Global

Instrument	Amount	Rating Action
	In Rs. Crore	As on December 2016
Fund-Based Limits	8.75	[ICRA]BBB+(Stable); upgraded from [ICRA]BBB (Stable)
Non- Fund Based Limits	14.75	[ICRA]A2; upgraded from [ICRA]A3+
Total	**23.50**	

ICRA upgrades the long term rating to [ICRA]BBB+ (pronounced ICRA triple B plus) from [ICRA]BBB (pronounced as ICRA triple B) to the Rs. 8.75 crore fund based limits of Advance Valves Global (AVG) [†]. ICRA also upgrades the short term rating to [ICRA]A2 (pronounced ICRA A two) from [ICRA]A3+ (pronounced as ICRA A three plus) to the Rs. 14.75 crore non-fund based limits of the firm. The outlook on the long term rating is 'Stable'.

For the purpose of arriving at the ratings, ICRA has consolidated the operational and financial risk profiles of Advance Valves Private Limited (AVPL) and Advance Valve Global (AVG) as both these companied share significant operational, managerial and financial synergies among them.

ICRA's rating revision takes into account healthy growth in the operating income of the group on account of increased export business and an overall reduction in the working capital intensity. The ratings continue to positively consider group's experienced management with long track record of operations in the valve manufacturing industry, its established relations with customers and its ability to secure orders from reputed EPC contractors and oil & gas majors on the back of product accreditations. The ratings also continue to positively factor in the healthy financial profile of the group characterized by high operating margins, low gearing and strong debt coverage indicators.

The ratings however continue to be constrained by volatile operating income and vulnerability of operating margins to fluctuations in raw material prices (primarily steel) on account of competitive bids for order in oil and gas sector. The ratings also continue to be constrained by the company's high working capital intensity of operations and the high competitive intensity of the valve manufacturing industry which is characterized by presence of large players as well as small unorganized players.

Going forward, ability of group to increase its scale of operations in a profitable manner while maintaining an optimal working capital intensity and comfortable capital structure shall be key rating sensitivities.

About the company

Advance Valves Global (AVG) is a partnership firm promoted by Mr. Uma Shanker and his family. The partners of the firm include Advance Valves Pvt Ltd, Mr Uma Shanker, Mr Priyank Shanker Garg and Mr Pranay Garg. The firm is engaged in the business of manufacturing valves catering to the requirements of diverse industries such as oil and gas sector, power sector, water infrastructure and heating, ventilation and air -conditioning (HVAC) industry. The firm has two manufacturing units located in Noida (Uttar Pradesh) and Gagret (Himachal Pradesh).

AVG has a group company in the name of Advance Valves Private Limited (AVPL) promoted by the same management. The company is engaged in the business of manufacturing valves catering to the requirements of diverse industries such as oil and gas sector, power sector, water infrastructure and heating, ventilation and air-conditioning (HVAC) industry.

[†] For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications

Recent Results

The company reported net profit (PAT) of Rs. 14.74 crores on operating income (OI) of Rs. 83.62 crores in FY2016 as against PAT of Rs. 10.78 crores on OI of Rs. 45.57 crores in the previous year.

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For further details, please contact:
Analyst Contact:
Mr. Sabyasachi Majumdar, (Tel. No. +91-124 4545304)
sabyasachi@icraindia.com

Mr. Manish Ballabh (Tel. No.+91 124-4545 812
manish.ballabh@icraindia.com

Mr. Gaurav Singla (Tel. No.+91124-4545 366)
gaurav.singla@icraindia.com

Ms. Rashmi Agarwal (Tel. No.+91124- 4545 871)
rashmi.agarwal@icraindia.com

Relationship Contact:
Mr. Jayanta Chatterjee, (Tel. No. +91-80-43326401)
jayantac@icraindia.com

Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office
Mr. Vivek Mathur
Mobile: +**91 9871221122**
Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 3rd Floor, Electric Mansion Appasaheb Marathe Marg, Prabhadevi Mumbai—400025, Board : +91-22-61796300; Fax: +91-22-24331390	**Kolkata** **Mr. Jayanta Roy** Mobile: **+91 9903394664** Email: jayanta@icraindia.com A-10 & 11, 3rd Floor, FMC Fortuna 234/3A, A.J.C. Bose Road Kolkata—700020 Tel +91-33-22876617/8839 22800008/22831411, Fax +91-33-22870728
Chennai **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 5th Floor, Karumuttu Centre 634 Anna Salai, Nandanam Chennai—600035 Tel: +91-44-45964300; Fax: +91-44 24343663	**Bangalore** **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 'The Millenia' Tower B, Unit No. 1004,10th Floor, Level 2 12-14, 1 & 2, Murphy Road, Bangalore 560 008 Tel: +91-80-43326400; Fax: +91-80-43326409
Ahmedabad **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 907 & 908 Sakar -II, Ellisbridge, Ahmedabad- 380006 Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-79-25569231	**Pune** **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020 Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231
Hyderabad **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj Bhavan Road, Hyderabad—500083 Tel:- +91-40-40676500	