



SMERA RATINGS LIMITED

# Adven Tyre Tube India Private Limited (Adven)

*Rating  
Rationale***June 01, 2015**

Facilities/Instruments	Amount (Rs. Crores)	Rating
Term Loan	4.00	SMERA B+/Stable (Assigned)
Cash Credit	3.00	SMERA B+/Stable (Assigned)
Letter of Credit	3.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA single B plus**) and '**SMERA A4**' (read as **SMERA A four**) to the Rs.10.00 crore bank facilities of Adven Tyre Tube India Private Limited (Adven). The outlook is '**Stable**'.

The ratings are constrained by the company's limited operational track record, exposure to volatility in raw material prices and cyclicity in the automobile industry. However, the ratings draw comfort from the company's experienced management and moderate financial risk profile.

Adven, incorporated in 2011, is an Indore-based company engaged in manufacturing of automotive butyl tubes and rubber products. Adven has limited operational track record as it commenced its operations from April, 2014 and has reported operating income of Rs. 4.17 crore (provisional) in FY 2014-15(refers to financial year, April 01 to March 31). Adven mainly caters to the automobile and auto ancillary sector and is thus affected by the cyclicity in the automobile industry. The company is also exposed to raw material price volatility.

Adven benefits from its experienced management. The promoters of the company have around two decades of experience in the automobile and auto ancillary industry. The company's moderate financial risk profile is supported by moderate gearing (debt-equity ratio) of 1.12 times as on March 31, 2014, moderate interest coverage ratio of 2.85 times in FY2014-15 (provisional) and modest net worth of Rs. 3.00 crore as on March 31, 2014. Adven's total debt of Rs. 8.99 crore (as on March 31, 2014) includes interest-free unsecured loans of Rs. 2.85 crore which are subordinated to bank debt. SMERA has considered such unsecured loans as part of equity for arriving at the gearing.

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## Rating Rationale

### Outlook: Stable

SMERA believes that Adven will continue to benefit over the medium term on account of the promoter's extensive industry experience. The outlook may be revised to 'Positive' if the company reports higher than expected revenue with sustainable margins and comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile and liquidity position.

### About the Company

Adven, is an Indore-based company incorporated in 2011 by Mr. Jay Kumar Ahuja and Mr. Pradeep Kumar Prithiani and commenced its operations from April, 2014. The company undertakes manufacturing of automotive butyl tube and rubber products which is sold under the brand names of 'WHEEL POWER' and 'X-LENT'. Adven has a manufacturing unit with capacity of around 5,000 MTPA and is located in Indore. The company's distribution network is spread across Maharashtra, Gujarat, Madhya Pradesh, Rajasthan and Andhra Pradesh.

For FY2013-14, Adven's net worth stood at Rs. 3.00 crore as on March 31, 2014, as compared with Rs. 0.50 crore a year earlier. Adven registered operating income of Rs. 4.17 crore (provisional) in FY2014-15.

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