

Press Release

Koushic Pressure Vessels Private Limited

July 25, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 19.39 Cr.
Long Term Rating	ACUITE D
Short Term Rating	ACUITE D

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE D**' (read as **ACUITE D**) and short term rating of '**ACUITE D**' (read as **ACUITE D**) on the Rs.19.39 crore bank facilities of Koushic Pressure Vessels Private Limited (KPVPL).

KPVPL, incorporated in 1999, is a Vellore-based company engaged in the manufacturing and erection of unfired pressure vessels, oil storage tanks, and liquefied petroleum gas bullets, among others. The company is promoted by Mr. K. Srinivasan who has experience of around 19 years in the industry.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

KPVPL was incorporated in 1999 and the promoter has gained experience through handling the operations of the company for the past two decades.

- **Health order book position**

The company has bagged orders from National Institute of Ocean Technology of Rs.76.40 crore to be completed by March 2020. The company also caters in domestic market to reputed clients.

Weaknesses

- **Delays in payment of debt obligation**

The rating reflects delays in servicing of debt obligations by the company.

- **Customer concentration risk**

The total revenue for KPVPL for FY2018 (Provisional) stood at Rs.11.56 crore. Revenue from National Institute of Ocean Technology constituted about 80 percent of the total sales in FY2018 indicating a high customer concentration.

- **Working capital intensive operations**

The operations are working capital intensive in nature marked by Gross Current Assets (GCA) of 661 days in FY2018 (Provisional) and 734 days in FY2017. This is on account of high debtor days of 577 in FY2018 (Provisional) and 580 days for FY2017. The company also has to maintain high inventory of work-in-process and raw material inventory due to long gestation period for executing the contracts.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Koushic Pressure Vessels Private Limited to arrive at this rating.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	11.56	12.74	3.26
EBITDA	Rs. Cr.	2.39	2.07	0.87
PAT	Rs. Cr.	0.41	0.20	0.06
EBITDA Margin	(%)	20.63	16.28	26.66
PAT Margin	(%)	3.50	1.60	1.80
ROCE	(%)	6.32	6.11	8.89
Total Debt/Tangible Net Worth	Times	2.42	3.14	3.24
PBDIT/Interest	Times	2.18	1.50	1.16
Total Debt/PBDIT	Times	7.29	10.16	7.80
Gross Current Assets (Days)	Days	661	734	2848

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
15-Jan-2018	Cash Credit	Long Term	10.00	ACUITE D (Indicative)
	Term Loan	Long Term	1.89	ACUITE D (Indicative)
	Bank Guarantee	Short Term	7.50	ACUITE D (Indicative)
27-Aug-2016	Term Loan	Long Term	1.89	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE D (Reaffirmed)
	Bank Guarantee	Short Term	7.50	ACUITE D (Reaffirmed)
03-Jul-2015	Term Loan	Long Term	1.89	ACUITE D (Assigned)
	Cash Credit	Long Term	10.00	ACUITE D (Assigned)
	Bank Guarantee	Short Term	7.50	ACUITE D (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D (Reaffirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE D (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	1.89	ACUITE D (Reaffirmed)

Contacts

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About Acuité Ratings & Research:

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