

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

Acuité 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

Acuité 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

Analytical	Rating Desk
<p>Suman Chowdhury President - Rating Operations Tel: 022-67141107 suman.chowdhury@acuite.in</p> <p>Sanket Kotkar Analyst - Rating Operations Tel: 022-67141147 sanket.kotkar@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in</p>

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.