

March 09, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loan	0.90	SMERA BB/Stable (Assigned)
Cash Credit	12.00	SMERA BB/Stable (Assigned)
Letter of Credit	1.00	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB** (read as SMERA double B) and short term rating of '**SMERA A4+**' (read as SMERA A four plus) to the above mentioned bank facilities of KOSC Industries Private Limited (KOSCIPL). The outlook is '**Stable**'. The rating is supported by the experienced management of promoters and long track record of operations. The rating also draws support from the reputed and diversified customer base and average financial risk profile marked by moderate gearing and comfortable net worth base. However, the rating is constrained by the working capital intensive nature of business, high volume low margin due to high raw material consumption and susceptibility of profitability to volatility in raw material prices.

Outlook: Stable

SMERA believes that the outlook of the company will remain stable on account of its experienced management and established market presence since 2004. The outlook maybe revised to 'Positive' if there increase in scale of operation and improvement in profitability. Conversely, the outlook maybe revised to 'Negative' if the financial risk profile deteriorates on account of declining revenue and profitability weakening the above average financial risk profile of the company.

Rating Sensitivity

- Increase in scale of operation and improvement in profitability
- working capital management

About the Company

KOSCIPL, incorporated in 2004 as SKP Pipes Private Limited and converted into current name in 2014, is a Kolkata-based company engaged in manufacturing of MS black and ERW pipes. It is also engaged in manufacturing of Scaffolding at Liluah, West Bengal. The installed capacity of the company is 18000 MT per annum.

KOSCIPL reported profit after tax (PAT) of Rs.0.21 crore on operating income of Rs.61.20 crore for FY2014-15, as compared with PAT of Rs.0.19 crore on operating income of Rs.56.69 crore in FY2013-14.

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