

Press Release

K H Pipes Private Limited

June 18, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.15 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs.10.15 crore bank facilities of K H Pipes Private Limited (KHPPL). The outlook is '**Stable**'.

K H Pipes Private Limited (KHPPL) based at Jamnagar (Gujarat) was incorporated in October 2017. The company is promoted by Mr. Mahesh Kachadia, Mr. Kaushal Patel and Mrs. Ashaben Patel. KHPPL is engaged in manufacturing and supply of PVC and CPVC pipes. The proposed manufacturing unit will have installed capacity of 5400 MTPA. KHPPL will be selling its products under the brand of 'Bandhan Pipes'.

Key Rating Drivers

Strengths

- **Experienced management**

The directors of the company have over two decades of experience in the said line of business through their association with other firms.

- **Location advantage**

The project is being set-up in Jamnagar (Gujarat) which has many small scale industries and unit and is well connected to local and national highways which will thereby reduce the logistical cost.

Weaknesses

- **Intense competition**

The company operates in market which is marked by the presence of several organised and unorganised players which will put pressure on margins and restricts bargaining power with the clients.

- **Project off take risk**

Since commercial operations are expected to commence from September 2018, the project faces off-take risk. However, the same is mitigated to some extent as project is 70.00 percent completed and extensive promoter's experience will help timely execution.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the KHPPL to arrive at this rating.

Outlook: Stable

Acuité believes that KHPPL will maintain a 'Stable' outlook and benefit from the experience of its management in running same line of business. The outlook may be revised to 'Positive' if the company achieves its projected scale of operations and profitability. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation.

About the Rated Entity - Key Financials

Not Applicable: The commercial operations hasn't commenced yet.

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

Not Applicable

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE B+ / Stable
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	8.15	ACUITE B+ / Stable

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