

Kimplas Piping Systems Limited

Instrument	Amount (Rs. crore)	Rating Action
Fund Based Limits		
Cash Credit	17.00 (Enhanced from 16.00)	Upgraded to [ICRA]BB (Stable) from [ICRA]B+
Term Loan	9.00	Upgraded to [ICRA]BB (Stable) from [ICRA]B+
Bills of Exchange	6.00 (Enhanced from 5.00)	Upgraded to [ICRA]BB (Stable) from [ICRA]B+
Non-Fund Based Limits		
Bank Guarantee/Letter of Credit	8.00 (Reduced from 10.00)	Upgraded to [ICRA]BB (Stable) from [ICRA]B+

ICRA has upgraded the long term rating assigned to the Rs. 40 crore* bank limits of Kimplas Piping Systems Limited (KPSL)[†] to [ICRA]BB (pronounced as ICRA double B) from [ICRA]B+ (pronounced ICRA B plus). The outlook on the long term rating is Stable.

The rating upgrades factors in the healthy improvement in the financial profile over the last two years characterized by a strong revenue growth and turnaround of operations since FY14, supported by judicious change in product mix and demonstrated financial support extended by the promoters by infusion of funds to sustain growth, thereby limiting external borrowing. The rating continues to be underpinned by the experience of its promoters in manufacturing and development of electro-fusion products.

However, the rating continues to remain constrained by KPSL's working capital intensive nature of operations due to high inventory holding requirements and an elongated receivable cycle resulting in a stretched liquidity. The rating also continues to remain constrained by the modest scale of operations as the company manufactures electro-fusion products in the fittings industry and fittings constitute a small portion of a project cost. Moreover, the rating also factors in the raw material price risk due to volatile nature of key raw material and absence of long term contracts with suppliers and foreign exchange risk in the absence of a firm hedging policy being adopted. Nonetheless, the raw material price risk is mitigated as far as exports are concerned given the presence of raw material price escalations in its long term contracts.

About the Company

Kimplas Piping Systems Limited (KPSL) was incorporated on February 8, 1996, as George Fischer Trenton Limited. The company started its manufacturing facilities in 1997 to produce electro-fusion fittings required for polyethylene piped city gas distribution systems used by gas companies like Mahanagar Gas and Gujarat Gas. KPSL has expanded its product line of electro-fusion fittings and added compression fittings, valves and components for micro-irrigation systems. Currently it manufactures a wide range of electro-fusion fittings, compression fittings, transition fittings and specialized housing service connections from polyethylene mains. KPSL also has a wholly-owned subsidiary, Kimplas Limited, UK to tap the UK market.

For the full year FY15, the reported a profit after tax of Rs. 3.39 crore on a topline of Rs. 61.68 crore, as compared to a profit after tax of Rs. 2.75 crore on a topline of Rs. 53.32 crore during the previous year.

December 2015

* 1 crore = 100 lakh = 10 million

[†]For a complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications.



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