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ICRA assigns LBB- to the bank lines of Laxmi Pipes & Fittings Private Limited; assigns stable outlook

ICRA has assigned LBB- (pronounced L double B minus) rating to the Rs. 12.50 crore¹ cash credit facility of Laxmi Pipes & Fittings Private Limited (LPFPL)[†]. ICRA has also assigned an A4 (pronounced A four) rating to the Rs. 12.50 crore short term non fund based facilities of the company. The outlook on the long term rating is stable.

The ratings take into account LPFPL's experienced management, its long track record in the pipes business, its diversified client base and its established distribution network across ten states in the country. The ratings are however constrained by LPFPL's relatively high gearing levels, its high working capital intensity and its modest debt protection indicators. Moreover, the ratings also take into consideration the intensely competitive nature of the industry which is reflected in its modest operating margins.

Company Profile

Incorporated in 1987, LPFPL is engaged in the manufacturing of products and implements used in water conveyance and water conservation viz. PVC (Poly vinyl chloride) pipes, HDPE (High density polyethylene) pipes, bore-well casing pipes, plumbing pipes, suction hose pipes, sprinkler systems and drip irrigation systems. LPFPL has its manufacturing facilities situated in Pithampur, Madhya Pradesh. The company reported a net profit after tax of Rs. 0.45 crore on an operating income of Rs. 52.36 crore in FY2010.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

¹100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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