

July 14, 2025

## Apollo Pipes Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term – Non-Fund Based Limits^	70.00^	70.00^	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed
Long-term/Short term – Fund Based – Working Capital Facilities	80.00	80.00	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed
<b>Total</b>	<b>150.00</b>	<b>150.00</b>	

\*Instrument details are provided in Annexure-I, ^ Interchangeable with fund-based facility to the extent of Rs 55.0 crore

### Rationale

The reaffirmation in the ratings of Apollo Pipes Limited (APL) factors in the expectations of continuation of a comfortable credit profile to be maintained over the medium term, despite weakness in volume growth observed in FY2025. ICRA expects a steady growth in APL's revenues and profits driven by sizeable planned capacity expansion (largely funded by equity infusion and internal accruals) as well as introduction of new products like oPVC pipes and uPVC window/door profiles.

Standalone sales volumes at 79,769 MT in FY2025 (ex KML) were flattish (down 1% YoY in FY25), due to weaker demand. Demand was impacted by slowdown in both private real estate and government infrastructure spends, as well as higher competitive intensity. Further, frequent PVC resin price fluctuations led to persistent destocking by channel partners, also adversely impacting volumes.

Standalone OPM also declined to 9.4% in FY2025 vs 9.8% in FY2024, due to lower operating leverage. OPM was also under pressure for most of the industry players as new capacities had come up amidst demand slowdown. Pressure on volume growth amid capacity expansion has resulted in depressed return indicators.

ICRA expects that APL will report gradual expansion in revenues and profits going forward supported by steady growth in volumes, with the recovery in demand for APL's products, new product launches and its increasing presence beyond North India due to the planned capacity expansions. Further, limited debt on the books of the company and the issuance of warrants on preferential basis to fund incremental greenfield capex (Rs. ~110 crore in total to be received of which ~25% has been infused upfront in Q1FY2026, with balance expected in next 15 months) is likely to keep the credit profile comfortable going forward, despite the elevated capex levels. The company's dependence on borrowings remains limited and the same is likely to continue going forward as well. The capital structure has been comfortable with a gearing of ~0.10 times as on March 31, 2025.

While debt coverage metrics have weakened due to lower OPBIDTA and higher interest, they remain comfortable, and the company has a favourable liquidity profile as well. Interest coverage stood at 8.7 times in FY2025 vs 16.7 times in FY2024, while debt/OPBIDTA stood at 1.0 times in FY2025 vs 0.7 times in FY2024.

The ratings continue to factor in APL's established position in the domestic polyvinyl chloride (PVC) pipes industry under the brand name of APL Apollo, supported by its expansive product profile, strong dealership network and a comfortable financial profile. Additionally, APL has increased its overall standalone manufacturing capacity to 1,65,500 MTPA as on March 31, 2025 (March 31, 2024: 1,56,000 MTPA), across many of its plants (in Dadri, Ahmedabad, Bangalore and Raipur), which is expected to further increase to ~2,00,000 MTPA in FY2026 with the completion of a new Varanasi plant. Further the company acquired 53.57% stake in Kisan Mouldings Limited for a cash consideration of Rs 118.4 crore, which also operates in the PVC industry in western India, with a capacity of ~60,000 MTPA. Further, APL has increased its stake to 58.6% presently for Rs. ~25 crore via various secondary market purchase transactions.

Thus, the company will have a pan-India manufacturing presence, addressing demand in various regions while keeping the logistics costs under check. Its product basket comprising PVC pipes, chlorinated polyvinyl chloride (cPVC) pipes and high-density polyethylene (HDPE) pipes addresses the requirements of the agriculture, housing and water management segments with agriculture being the highest end-user segment, though the dependence on agriculture reduced over the years and it contributes to less than 50% of the total sales now (~38% in FY2025 vs ~56% in FY2020).

Over the last few years, APL has also ventured into value-added products such as bathroom fittings, water tanks and kitchen sinks to improve its product mix and reduce the inherent seasonality of the business. During H2FY2025-FY2026, the company will also be introducing new products like oPVC pipes and uPVC window/door profiles.

However, the company's revenues and margins are exposed to the price fluctuation in key raw materials such as PVC/CPVC resins and HDPE granules, which are crude oil derivatives, apart from the commoditised nature of the industry. This was also evident from the sharp decline in the operating profit margin (OPM) in FY2023 pursuant to the contraction in PVC resin prices, leading to inventory losses and lower sales realisations, amidst inventory destocking market environment. OPM recovered to 9.8%/9.4% in FY2024/FY2025 as compared to 7.6% in FY2023 at a standalone level, even as PVC prices continued to decline. As the decline was gradual the prices were largely passed onto the customers in FY2024-FY2025, unlike in FY2023.

The ratings are further constrained by geographical concentration as most of its revenues are from Uttar Pradesh (though the concentration has reduced to ~47-55% over FY2020-FY2025 from FY2019 level of 62%) and intense competition in the PVC pipe industry due to the presence of various organised and unorganised players. Additionally, APL is exposed to foreign currency fluctuation risk due to its dependence on imported raw material. Moreover, the ability of the company to turnaround operations in KML will remain a key monitorable.

The stable outlook on the rating factors in the ICRA's expectation that the company will continue to report healthy growth in volumes with comfortable profitability metrics resulting in adequate cash flow generation along with maintaining a comfortable credit profile.

## Key rating drivers and their description

### Credit strengths

**Established position in domestic PVC pipes industry; strong dealership network** – APL manufactures and markets PVC, HDPE pipes and fittings. The company shares the Apollo brand with APL Apollo Tubes Limited (market leader in ERW pipes) which is well-recognised, especially in North India. Further, the company's position is supported by a strong dealership network all over India with more than 900 distributors of which 45% are in the north, followed by west (17%), south (20%), central (9%) and east (9%) India. Other than North India, the foray into the other regions has been recent.

**Pan-India manufacturing presence and diversified product profile** – The company has five manufacturing facilities, one each in Dadri, Sikandrabad, Ahmedabad, Bengaluru and Raipur, with another one at Varanasi being set up. Kisan has additional facilities based out of Tarapur, Silvassa and Dewas.

While starting out as a North India-based player, APL has expanded its presence in other geographies through the organic and inorganic route and is thus well poised to serve new market segments in the long term. Further, the increased penetration in geographies other than North India will keep the company better insulated from the regional demand-supply dynamics. The company's product profile is expansive with presence in PVC and HDPE pipes catering to the agriculture, housing, water management segments. Also, the company has ventured into value-added products like bathroom fittings, water tanks, UPVC window and door profiles, O-OPVC (Oriented Unplasticized Polyvinyl Chloride) pipes, that are immune from seasonality compared to traditional PVC pipes.

**Comfortable capital structure and coverage indicators** - APL's capital structure has remained quite comfortable with a gearing of ~0.10 times as on March 31, 2025 (~0.10 times as on Mar 31, 2024 as well). The company remained net debt free due to sizeable cash balances of Rs. ~132 crore as on March 31, 2025, to be utilized toward completing Varanasi plant and incremental working capital requirements.

Limited debt on the books of the company and the issuance of warrants on preferential basis to fund incremental greenfield capex (Rs. ~110 crore in total to be received of which ~25% has been infused upfront in Q1FY2026, with balance expected in next 15 months) is likely to keep the credit profile comfortable going forward, despite the elevated capex levels. APL availed Rs. 60 crore debt in FY2025 to fund capex pertaining to 3 production lines for oPVC pipes, of which Rs. ~21 crore is to be repaid in FY2026. APL has nil WC debt outstanding as on March 31, 2025. Further, Kisan was sanctioned WC limit of Rs. 50 crore in FY2025, backed by Letter of Comfort from APL (utilisation at Rs. 30 crore as on March 31, 2025).

The company's dependence on borrowings remains limited and the same is likely to continue going forward as well. While debt coverage metrics have weakened due to lower OPBIDTA and higher interest, they remain comfortable. Interest coverage stood at 8.7 times in FY2025 vs 16.7 times in FY2024, while debt/OPBIDTA stood at 1.0 times in FY2025 vs 0.7 times in FY2024.

### Credit challenges

**Near term weakness in volumes and profitability** – Standalone sales volumes at 79,769 MT in FY2025 (ex Kisan) were flattish (down 1% YoY in FY25), due to weak demand in uPVC plumbing pipe and HDPE pipe segment from Jal Jeevan Mission program. Demand was impacted by slowdown in both private real estate and government infrastructure spends, as well as higher competitive intensity. This was driven by slowdown in GoI spending in FY2025 due to General Elections and Kumbh Mela (APL derives ~50% of its revenues from UP). Further, frequent PVC resin price fluctuations led to persistent destocking by channel partners, also adversely impacting volumes. For FY2026, volume growth guidance remains at ~20%. Standalone OI declined by 5.3% in FY2025 to Rs. 926 crore due to decline in both volumes and realisations, while consolidated OI increased by ~20% YoY due to consolidation of Kisan.

Standalone OPM also declined to 9.4% in FY2025 vs 9.8% in FY2024, due to lower operating leverage. Consol OPM stood lower at 8.1% due to consolidation of lower margin Kisan Mouldings Ltd (Kisan) business (Kisan is consolidated w.e.f. March 26, 2024, i.e. mainly in FY2025). Kisan OPM stood at 3.9% in FY2025 vs -8.8% in FY2024. OPM was also under pressure for most of the industry players as new capacities had come up amidst demand slowdown.

However, ICRA notes that the gradual expansion in revenues and profits going forward would be supported by higher volumes, given the expected normalisation of demand for APL's products and its increasing presence beyond North India due to the planned capacity expansions.

**High geographical concentration; stiff competition from large and established brands** – The company has a high geographic concentration with majority of revenues from Uttar Pradesh (45-55% of total sales), followed by Rajasthan (~5% of total sales). Further, the company faces stiff competition in the pipe industry from other established branded players such as Supreme, Astral, Prince Pipes etc. owing to low product differentiation. Moreover, this industry is characterised by low entry barriers given the low fixed capital intensity and supply glut that limits the pricing power. However, the pressure is mitigated to an extent by the established market position of the APL Apollo brand and the management's endeavors to expand its geographic presence and offer an expansive product basket for a higher share of value-added products.

**Profitability indicators exposed to volatility in raw material prices and forex fluctuation** – The company's revenues and margins are exposed to the price fluctuation in key raw materials such as PVC resin and HDPE granules. Any adverse movement in the prices of raw materials could have an adverse impact on the company's margins, considering the highly competitive industry as well as lag in passing on higher raw material prices to customers. Also, APL imports ~40-50% of the raw material from countries like Japan, South Korea, Europe, the US etc. Hence, with insignificant exports, APL is exposed to any adverse movement in foreign exchange rates. However, the same is mitigated partially through forex hedging done by APL on a case-to-case basis.

## Liquidity position: Adequate

APL's liquidity position is **adequate** with free cash balance of Rs. ~132 crore as on March 31, 2025, largely earmarked for capex, in addition to a comfortable cushion in the working capital borrowings. Expected cash accruals are expected to more than adequately cover working capital requirements. Further, there are term debt repayments of Rs. ~20 crore in FY2026. The company plans to incur capex of Rs ~250-300 crore over the next three years which is proposed to be funded by equity infusion of Rs. ~110 crore, existing cash balances and internal accruals.

## Rating sensitivities

**Positive factors** – ICRA could upgrade APL's ratings if the company continues to expand its scale of operations while maintaining its profitability and debt metrics and a healthy liquidity position.

**Negative factors** – Pressure on APL's ratings could arise if there is a decline in the scale of operations, along with a moderation in profitability. Any further stretch in the working capital cycle, or any sizeable debt-funded capital expenditure, or inorganic investments that can moderate the coverage metrics and weaken the liquidity position could be a negative trigger.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has considered the consolidated financial statements of APL.

## About the company

Apollo Pipes Limited (APL), incorporated in 2000, belongs to Sudesh Group is a listed entity based out of Delhi NCR. APL has an established presence and enjoys brand equity in piping and related products segment under brand name of APL Apollo. The company has aggregate installed capacity of ~1,56,000 TPA as on March 31, 2024, at Dadri, Sikanderabad, Ahmedabad, Raipur and Bengaluru engaged in the manufacturing of polyvinyl chloride (PVC) pipes, chlorinated polyvinyl chloride (cPVC) pipes, high density polyethylene (HDPE) pipes, bath fitting, solvent cement and water tanks. APL is also in the process of setting up a new plant at Varanasi with a capacity of 30,000 TPA. It caters to various requirements such as water and sewerage transportation, irrigation, and plumbing applications in domestic and commercial construction. APL's product profile includes over 1,500 product varieties of cPVC, uPVC, and HDPE pipes, PVC taps and fittings which cater to an array of industrial applications such as Agriculture, Water Management, Construction, Infrastructure, and Telecom ducting segments. The Company's extensive distribution network spreads for about 600+ channel partners.

APL had acquired a 53.57% majority stake in Kisan Mouldings Ltd (KML) for Rs. 118.40 crore on March 26, 2024, aiming to bolster its position in the PVC pipes and fittings sector. KML has a total capacity of 60,000 MTPA. The proceeds of equity infusion were utilised towards a one-time settlement (OTS) process with the lenders, thereby becoming a debt free entity.

## Key financial indicators

APL Consolidated	FY2024	FY2025
Operating income	986.9	1,181.6
PAT	42.8	34.1
OPBDIT/OI	9.8%	8.1%
PAT/OI	4.3%	2.9%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	0.7	1.0
Interest coverage (times)	16.7	8.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

#### Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	July 14, 2025	Date	Rating	Date	Rating	Date	Rating
Fund Based – Working Capital Facilities	Long Term/Short Term	80.00	[ICRA]A+ (Stable)/[ICRA]A1	13-JUN-2024	[ICRA]A+ (Stable)/[ICRA]A1	28-APR-2023	[ICRA]A (Positive)/[ICRA]A1	-	-
Non-Fund Based Limits <sup>^</sup>	Long Term/Short Term	70.00	[ICRA]A+ (Stable)/[ICRA]A1	13-JUN-2024	[ICRA]A+ (Stable)/[ICRA]A1	28-APR-2023	[ICRA]A (Positive)/[ICRA]A1	-	-
Letter of Credit	Long Term/Short Term			-	-			07-APR-2022	[ICRA]A (Positive)/[ICRA]A1
Invoice Discounting	Short Term			-	-			07-APR-2022	[ICRA]A1

<sup>^</sup> Interchangeable with fund-based facility to the extent of Rs 55.0 crore

#### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/Short-term – Non-Fund Based Limits <sup>^</sup>	Simple
Long-term/Short-term – Fund Based – Working Capital Facilities	Simple

<sup>^</sup> Interchangeable with fund-based facility to the extent of Rs 55.0 crore.

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](https://www.icra.in)

### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Non-Fund Based Limits <sup>^</sup>	NA	NA	NA	70.00	[ICRA]A+ (Stable)/[ICRA]A1
NA	Fund Based – Working Capital Facilities	NA	NA	NA	80.00	[ICRA]A+ (Stable)/[ICRA]A1

Source: Company; <sup>^</sup> Interchangeable with fund-based facility to the extent of Rs 55.0 crore.

[Please click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure II: List of entities considered for consolidated analysis

Company Name	APL Ownership	Consolidation Approach
Kisan Mouldings Limited	57.59%	Full Consolidation

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