

March 15, 2024

Ashirvad Pipes Private Limited : Update on Entity

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long term/Short term - Fund based/Non-fund based	1,250.0	1,250.0	[ICRA]AA(Stable)/[ICRA]A1+ outstanding
Long term/Short term Unallocated limits	50.0	50.0	[ICRA]AA(Stable)/[ICRA]A1+ outstanding
Total	1,300.0	1,300.0	

*Instrument details are provided in Annexure-I

Rationale

ICRA notes that in the FY2023 annual report of Ashirvad Pipes Private Limited's (APPL) auditor has given a qualified opinion on company's internal control system that could potentially result in misstatement in the financial statements with respect to accruals for customer rebates and schemes, approval of purchase orders and review of vendor invoices towards freight and logistics expense, among others. ICRA also notes that based on company's whistle blower mechanism framework, the company has received complaint, and there is a likely instance of fraud in relation to logistics and freight expense.

As per discussion with Management, ICRA understands the company has taken several corrective measures to strengthen its internal controls. The management is of the view that there are no further adjustments to be made to the financial statements other than those made in FY2023. Going forward, any adverse impact on company's profitability due to above highlighted challenges would remain a key rating sensitivity.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financials of APPL

About the company

APPL, incorporated in 1997, manufactures UPVC, CPVC, SWR, HDPE pipes and fittings, water tanks and various other products used across applications in different market segments like buildings (plumbing), agriculture and the industrial and infrastructure sectors. APPL is the licensee of Lubrizol in India to manufacture CPVC plumbing systems.

APPL is a wholly owned subsidiary of the Belgium-based Aliaxis Group. Glynwed Holding B.V, Netherlands, is the holding company and Aliaxis S.A. is the ultimate holding company. APPL was set up by Mr. Pawan Poddar and his family. In 2013, Glynwed Holding B.V. acquired a 60% stake, which was further increased to 97% in FY2018 and the remaining 3% was acquired over the next three-year period.

Key financial indicators (audited)

	FY2022	FY2023
Operating income	4484.1	4529.7
PAT	515.0	88.5
OPBDIT/OI	18.1%	7.3%
PAT/OI	11.5%	2.0%
Total outside liabilities/Tangible net worth (times)	0.4	0.6
Total debt/OPBDIT (times)	0.1	2.3
Interest coverage (times)	106.9	6.5

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Note: Amount in Rs. crore; All calculations are as per ICRA research; Source: Company data, ICRA Research;

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Current rating (FY2024)		Chronology of rating history for the past 3 years		
				Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Mar 15, 2024	Jan 29, 2024	October 31, 2022	July 27, 2021	-
1 Fund based/Non-fund based	Long-term /Short term	1250.0	-	[ICRA]AA(Stable)/ [ICRA]A1+	[ICRA]AA(Stable)/ [ICRA]A1+	[ICRA]AA(Stable)/ [ICRA]A1+	[ICRA]AA(Stable)/ [ICRA]A1+	-
2 Unallocated	Long-term /Short term	50.0	-	[ICRA]AA(Stable)/ [ICRA]A1+	[ICRA]AA(Stable)/ [ICRA]A1+	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund-based/Non-fund based	Simple
Unallocated	Not applicable

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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund based/Non-fund based	NA	NA	NA	1250.0	[ICRA]AA(Stable)/[ICRA]A1+
NA	Unallocated limits	NA	NA	NA	50.0	[ICRA]AA(Stable)/[ICRA]A1+

Source: Company

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

Annexure-II: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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