Kisan Mouldings Limited

April 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	50.00	CARE A; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Kisan Moulding Limited (KML) derives strength from strong strategic and operational linkages with its parent, Apollo Pipes Limited (APL), which significantly strengthens KML's credit profile. APL's established brand, extensive distribution network, and over two decades of expertise in the PVC pipe industry has enabled KML to expand its market presence and has played a pivotal role in improving KML's operational performance in 9MFY25 which is expected to further improve going forward. APL's acquisition of a majority stake in KML and the infusion of ₹118 crore allowed KML to settle its debts, making it debt-free and improving its capital structure which is expected to sustain going forward as well and will remain a key monitorable.

The above ratings strengths are tempered by profitability being susceptible to raw material price volatility, particularly for PVC, CPVC, and polyethylene resins, which are sensitive to global crude oil prices and supply-demand dynamics. The plastic pipes industry is highly competitive, with organised and unorganised players vying for market share due to low entry barriers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in capacity utilisation leading to increase in scale of operations and improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margins on a sustained basis.
- Improvement in the credit profile of parent; Apollo Pipes limited.

Negative factors

- Debt-funded capital expenditure leading to moderation in net debt/ PBILDT above 2.00x beyond FY25 end.
- Inability to improve its existing scale and PBILDT margins.
- Deterioration in the credit profile of parent; Apollo Pipes Limited.

Analytical approach: Consolidated

Consolidated, and factoring linkages with its parent, Apollo Pipes Limited due to strong operational and financial linkages with common management. APL has also provided a shortfall undertaking for KML's debt facilities. The list of entities consolidated are presented in **Annexure-6**.

Outlook: Stable

'Stable' outlook assigned to bank facilities of KML reflects CARE Ratings' expectation that KML will continue to get support from its parent, APL, which shall lead to improvement of scale and profitability and maintaining its comfortable financial risk position going forward.

Detailed description of key rating drivers:

Key strengths

Strong parentage with significant operational and financial linkages

APL has an established brand of 'Apollo', which it shares with APL Apollo Tubes Limited (market leader in ERW pipes) and has over two decades' experience in PVC pipes industry holding 2-3% market share in domestic PVC pipe industry. APL has over 700 dealers and distributors across India. Apollo's strong distribution network has enabled it to have a pan-India presence in its piping business. In March 2024, APL acquired a 53.57% majority stake in KML for ₹118.40 crore, utilising the proceeds to facilitate a one-time settlement (OTS) with KML's lenders, making the company debt-free. APL has since increased its stake to 57.08% by acquiring an additional 4% from the open market. This acquisition allows APL to expand its footprint in the western market and diversify geographically. APL has provided a shortfall undertaking for KML's debt facilities and appointed two directors and a CFO from APL to KML's board to support the company's operations.

Over the last five years, APL has consistently improved its sales volume due to increased capacity. The company's capacity grew from 84,000 MT in FY20 to 156,000 MT in FY24, and further to 216,000 MT following the acquisition of KML in FY25. This expansion led to 16% compound annual growth rate (CAGR) in sales volume, reaching 81,235 MT in FY24, up from 44,692 MT

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

in FY20. Consequently, the total operating income (TOI) increased at a CAGR of ~24% over the last four years, driven by higher sales volumes and better realisations. The company's PBILDT/tonne declined substantially in FY23 to ~₹10,500 from ~₹18,000 in FY22 due to inventory losses caused by a sharp correction in PVC resin prices. However, the company's PBILDT/tonne improved in FY24 to ~₹12,000 due to stable PVC resin prices and increase in contribution of value-added products.
In 9MFY25, the company's sales volume increased by ~23% on year-over-year (y-o-y) basis due to consolidation of KML sales. However, APL standalone volume sales declined marginally by 2% in 9MFY25 compared to 9MFY24. Blended PBILDT/tonne declined to ~₹9,700 in 9MFY24 due to KML's lower margins profile which is now consolidated with APL. However, going forward, margins are expected to expand with improving scale of KML and APL leading to economies of scale and further increase in contribution of value-added products like oriented polyvinyl chloride (OPVC) and window profile.

Support from strong parent, APL leading to improvement in operating performance
Kisan Moulding Limited (KML) faced significant operational and financial challenges prior to its acquisition by Apollo Pipes Limited (APL). Over the last five years, KML experienced consistent losses at the PBILDT level, primarily due to inefficiencies and the underutilisation of its capacities, caused by working capital constraints. This resulted in the under-absorption of fixed costs and poor gross margins. KML had a substantial debt burden of ₹250 crore, leading to higher interest costs and further strain on its financial performance.
With APL's backing and availability of adequate working capital now, KML achieved profitability in the first nine months of FY25, reaching a PBILDT per tonne of ₹5,456. Although sales volume remains moderated in 9MFY25 as well due to lower demand in H1FY25 considering general election and consequently lower capital spend on water infrastructure by government. PVC resin prices also fell by ~17% in Q2FY25 which has led to massive channel destocking leading to lower volume sales. However, volume start picking up from Q3FY25 which is expected to continue. Thus, volume sales in FY26 is expected to improve which would lead to economies of scale and further improve the company's profitability margins.

Comfortable financial risk profile
APL and other investors have infused ~₹158 crore in KML, enabling the company to become debt-free through a one-time settlement agreement with banks. Consequently, the company's capital structure has improved with an overall gearing of 0.05x as on March 31, 2024. The company now has no term debt and has no plans to incur major capex soon. Largely only working capital borrowing debt is likely to be there to support the operations. The company generated a positive PBILDT of ~₹8 crore 9MFY25. Thus, in the absence of term debt and positive PBILDT and cash accruals, the company's financial position is expected to remain comfortable.

Diversified product portfolio with wide distribution network
The company has well diversified product portfolio of polymer pipes and fittings, which includes chlorinated polyvinyl chloride (CPVC), unplasticized polyvinyl chloride (UPVC), high-density polyethylene (HDPE), Soil, waste, and rainwater (SWR) pipes, solvents, irrigation systems among others. Through its large basket of products, the company caters varied user base such as water supply and sanitation, irrigation, plumbing, and drainage lines. Diversified user base helps the company in tiding over low demand from user industry. The company has a wide range of SKU's including plastic pipes and fittings for building and agricultural purposes. The company has wide dealer network of 300+ dealers and 15000+ retailers.

Key weaknesses
Profitability susceptible to raw material price volatility
Polyethylene (PE), polyvinyl chloride (PVC) and chlorinated polyvinyl chloride (CPVC) resin are the key raw materials used in the plastic pipes industry; their prices depend on crude oil price movements and global demand-supply dynamics. Thus, KML is exposed to fluctuation in raw material prices. In 2021 and 2022, the prices of PVC resin have remained highly volatile with price surging to nearly US$ 1700-1800/MT from ~US$ 700-800/MT, which now again trades at ~US$ 800/MT in Q3FY25. Substantial and sharp fall in raw material cost leads to inventory losses for plastic pipes players. Ability to consistently maintain the gross margin amidst volatility in raw material remains crucial for the success of plastic pipe manufactures.

Highly competitive plastic pipes industry with low entry barriers
The Indian plastic pipes industry is highly competitive with the market share of unorganised players comprising ~30-35% of the industry. A significant portion of the industry comprises of unorganised segment considering low entry barriers in the plastic pipes industry and commoditised product leading to low product differentiation. Indian plastic pipe industry primarily derives its demand from infrastructure/construction and agriculture sector and replacement/substitution of metal pipes by cost-effective plastic pipes. Volatile international prices of PVC resins, exchange rate fluctuations and supply chain management, provides organised players an upper hand to compared to unorganised players in the risk management because they enjoy established long term relationships with RM suppliers. This leads to market share gain for organised players.

Liquidity: Adequate

Liquidity of the company is expected to remain adequate marked by expected cash accrual of ₹10-20 crore in FY25 and FY26 against nil term debt repayment obligations. The company's minor routine capex can be easily funded through internal accruals. The company has moderate utilisation of working capital limits with 60-65% utilisation in the last nine months ended in February 2025. Thus, its unutilised bank lines are adequate to meet its incremental working capital needs. The company's liquidity is also supported by its parent, Apollo pipes limited, which is likely to provide support in case of exigency.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Plastic products - Industrial

Kisan Mouldings Limited (KML), a well-known brand in PVC pipes, fittings, and allied products, was incorporated in 1989 as Sanwaria Synthetics Private Limited and later converted to a public limited company in 1993, acquiring its current name in November 1993. KML has a maximum processing capacity of 90,000 metric tonnes of polymer. Their product range includes CPVC, UPVC, HDPE, SWR, solvents and irrigation systems among others. KML has been successfully manufacturing and marketing its products under brand names, 'KISAN' and 'KML CLASSIC'. The company was promoted by Ramesh J Aggarwal and Satish J Aggarwal.

Brief Financials (₹ crore)- Consolidated	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total operating income	273.31	268.01	190.00
PBILDT	-21.17	-23.82	8.17
PAT	-54.51	58.16	2.90
Overall gearing (times)	NM	0.01	NA
Interest coverage (times)	NM	NM	6.87

A: Audited UA: Unaudited NM: Not meaningful NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	50.00	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (30-Aug-24)	1)CARE D; ISSUER NOT COOPERATING* (28-Jul-23)	1)CARE D; ISSUER NOT COOPERATING* (22-Jun-22)
2	Fund-based - LT-Funded Interest term Loan	LT	-	-	-	1)Withdrawn (30-Aug-24)	1)CARE D; ISSUER NOT COOPERATING* (28-Jul-23)	1)CARE D; ISSUER NOT COOPERATING* (22-Jun-22)
3	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (30-Aug-24)	1)CARE D; ISSUER NOT COOPERATING* (28-Jul-23)	1)CARE D; ISSUER NOT COOPERATING* (22-Jun-22)
4	Fund-based - LT-Working capital Term Loan	LT	-	-	-	1)Withdrawn (30-Aug-24)	1)CARE D; ISSUER NOT COOPERATING* (28-Jul-23)	1)CARE D; ISSUER NOT COOPERATING* (22-Jun-22)
5	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (30-Aug-24) 2)Withdrawn (30-Aug-24)	1)CARE D; ISSUER NOT COOPERATING* (28-Jul-23)	1)CARE D; ISSUER NOT COOPERATING* (22-Jun-22)
6	Non-fund-based - ST-ILC/FLC	ST	-	-	-	1)Withdrawn (30-Aug-24)	1)CARE D; ISSUER NOT COOPERATING* (28-Jul-23)	1)CARE D; ISSUER NOT COOPERATING* (22-Jun-22)
7	Fund-based - LT-Cash Credit	LT	50.00	CARE A; Stable				

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	KML Tradelinks Private Limited	Full	Wholly owned Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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