Pune Polymers Private Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	45.27	CARE BBB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Pune Polymers Private Limited (PPPL) derives strength from its experienced promoters, strategic location of manufacturing units and established relationships with reputed customers. The rating further derives strength from the company's comfortable capital structure and adequate liquidity position.

The rating strengths are, however, constrained by moderate scale of operations, susceptibility of profitability to volatility in raw material prices and moderate debt coverage indicators. The rating is further constrained by customer concentration risk, moderate working capital cycle and cyclical automobile industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations over ₹250 crore while maintaining profit before interest, lease rentals, depreciation, and tax (PBILDT) margin above 11%.
- Total debt (TD)/PBILDT lower than 2x on a sustained basis.

Negative factors

- Decline in PBILDT margin below 7% on a sustained basis.
- Any un-envisaged debt-funded capital expenditure (capex) deteriorating overall gearing beyond 1.50x.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that PPPL will continue to benefit from its experienced promoters and established customer base, maintaining its financial risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters

The promoter, Sanjay Gupta has an experience of more than three decades in the auto components industry. He is supported by Yashi Gupta (Managing Director), who has more than a decade of experience in the industry. Their industry experience and strong understanding of market dynamics has enabled PPPL to maintain healthy relations with customers and suppliers and entail repeat orders from them. They are supported by a team of qualified professionals with significant expertise in their respective fields.

Established clientele and strategic location of manufacturing facilities

With over three decades of operations in the industry, PPPL has developed long-standing and well-established relationships with its clients, particularly Bajaj Auto Limited (BAL). The company is gradually expanding its customer base with diversification in the household appliances segment.

The company has two manufacturing units: one in Chakan, Pune and another in Waluj, Aurangabad, which are in the vicinity of its key customers. These regions being auto hubs, enables the company to cater to major original equipment manufacturers (OEMs).

Comfortable capital structure

With minimal reliance on debt to fund its operations, the capital structure of PPPL remained comfortable with overall gearing below unity over the last five years ended FY24 (refers to April 01 to March 31). As on March 31, 2024, overall gearing improved and stood comfortable at 0.59x (PY: 0.87x). In the absence of major debt-funded capex, the capital structure is expected to remain comfortable in the medium term.

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

Key weaknesses

Customer concentration risk

PPPL derives majority of its revenue from the automotive segment, majorly 2W and 3W segment. Though the company has long-association with its reputed clientele, revenue base remains concentrated with top three customers contributing ~75% of its total operating income (TOI) and a single customer, BAL, contributing to ~65-70% of TOI. However, PPPL has established strong relationship with BAL and has been able to increase its share of business with BAL over the years.

Growing yet moderate scale of operations

PPPL's scale of operations has shown an upward trend from FY21 to FY24. Growth is driven by steady increase in share of business from existing customers coupled with new customer acquisitions. TOI rose by ~37% in FY24 to ₹148.03 crore (PY: ₹107.45 crore) owing to improvement in sales realizations. Higher demand from BAL, PPPL's key customer, supported revenue growth. This positive momentum continued in 10MFY25 (refers to April 01 to January 31), with TOI of ₹159.56 crore. Despite improvement, the scale remains moderate. The scale is likely to grow steadily over the medium term supported by increase in demand from existing and new customers and diversification in the household appliances segment.

Moderate profitability that is susceptible to raw material price volatility

The company's PBILDT margin remained moderate in the range of 8-12% over FY20-FY24 due to raw material price volatility and intense competition in the industry. PPPL's primary raw materials are derivatives of crude oil, making them susceptible to price volatility. However, presence of price escalation clause in most of its contracts offsets the risk to a certain extent.
The company reported a net loss in FY24 due to higher depreciation and interest costs from large debt-funded capex for capacity expansion over the past two years. Despite this, gross cash accruals (GCA) remained stable at ₹9.77 crore in FY24 (PY: ₹10.63 crore).

Moderate debt coverage indicators

Debt coverage indicators remained moderate with TD/GCA and interest coverage of 3.73x and 3.83x respectively in FY24 (PY: 3.84x and 8.83x respectively). Interest coverage ratio moderated due to lower profitability reported in FY24.

Moderate working capital cycle

The company's operations are working capital intensive with gross current asset of 132 days and operating cycle of 68 days in FY24 (PY: 71 days). PPPL has to maintain sufficient inventory to ensure uninterrupted production and timely execution of orders. PPPL generally grants a credit period of 30 to 45 days to its customers, while it receives a credit period of 45 days from its suppliers. Currently, the working capital requirements are met by a mix of internal accruals and working capital facilities from banks.

Cyclical auto industry

The automobile industry is cyclical and automotive component suppliers' sales are directly linked to sales of auto OEMs, which are linked with economic activity. The auto industry is inherently vulnerable to economic cycles, industrial growth, investments in infrastructure, and regulatory changes (emission norms, scrappage policy, and overloading norms). The auto-ancillary industry is also competitive with a large number of players in the organised as well as unorganised sector.

Liquidity: Adequate

The company's liquidity position is adequate, characterised by sufficient cushion in accruals of ~₹11-14 crore as against annual repayment obligations of ~₹4-5 crore over FY25-FY27. The average utilisation of fund-based limits stood at ~81% for twelve months ended January 31, 2025. Cash flow from operations stood at ~₹7.50 crore in FY24.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Auto Components & Equipments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

PPPL was incorporated in 1991 by Sanjay Gupta, who has an experience of over three decades in the auto ancillary industry. The company is engaged in the manufacturing of injection-moulded plastic components, primarily catering to the automotive industry. The company has manufacturing units in Pune and Aurangabad.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	10MFY25 (Prov.)
Total operating income	107.45	148.03	159.56
PBILDT	13.94	14.22	14.47
PAT	5.69	-0.20	NA
Overall gearing (times)	0.87	0.59*	NA
Interest coverage (times)	8.83	3.83	NA

A: Audited; Prov.: Provisional; NA: Not Available; Note: these are latest available financial results
*Considering subordinated unsecured loans of ₹13.08 crore as a part of net worth.

Status of non-cooperation with previous CRA: CRISIL, vide it's press release dated March 21, 2025, downgraded the rating of PPPL under issuer not cooperating category in absence of adequate information from the issuer.

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		-	-	-	20.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	31/07/2037	25.27	CARE BBB-; 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	25.27	CARE BBB-; Stable				
2	Fund-based - LT-Cash Credit	LT	20.00	CARE BBB-; Stable				

LT: Long 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
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

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.

Contact us

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