Premier Plasmotec Private Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	152.47 (Enhanced from 17.00)	CARE BBB; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	55.00 (Enhanced from 7.00)	CARE BBB; Stable / CARE A3+	LT rating and Stable outlook assigned, and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in ratings assigned to the bank facilities of Premier Plasmotec Private Limited (PPPL) is on account of growing scale of operations and efficient working capital management. The rating also derive strength from the qualified & experienced management, moderate financial risk profile, established relationship with reputed customer base. The rating also take cognizance of moving its all-manufacturing establishments from leased & rented premises to owned premises with additional capacities creation leading to saving monthly leased rental of Rs. 0.55 crore per month. The ratings, however, remain constrained by the concentrated customer base, high capex requirement leading to high debt repayment on an annual basis, raw material price fluctuation and competition in the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations as marked by total operating income of above Rs. 600.00 crore on sustained basis.
- Consistent improvement in profitability margins as marked by PBILDT and PAT margins of above 10.00% and 4.50%

Negative factors

- Any major capex done by the company in future leading to deteriorate the capital structure and deterioration in the overall gearing ratio above 1.80 times.
- Deterioration in the coverage indictors as marked by interest coverage ratio below 4.00x and total debt to GCA above 4x.

Analytical approach: Consolidated

The business and financial risk profiles of Premier Plasmotec Private Limited and its 100% subsidiary Plasmotech Automotive Private Limited have been consolidated since both entities are in similar line of business and are under a common management, the details of which are given in Annexure 6.

Outlook: Stable

Stable outlook reflects that the entity is likely to sustain its operating performance owing to capabilities of the management due to its long track record of operations and good industry growth prospects. Furthermore, the entity is expected to maintain its financial risk profile amidst expected healthy cash flow from operations.

Detailed description of key rating drivers:

Key strengths

Experienced management

The business operations of PPPL are currently managed by Mr. Inder Bhatia and Mr. Ankit Bhatia. Mr. Inder Bhatia is the Managing Director of the company and has an experience of three and a half decades in the plastic moulding industry through his association with PPPL and other family businesses engaged in the same industry. Mr. Ankit Bhatia is a postgraduate by qualification and has over one decade of experience in the plastic moulding industry through his association with PPPL. In addition, the operations of the company are smoothly carried out by a team of managers and professionals who have requisite experience in their respective fields.

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

Growing scale of operations with slight improvement in profitability

The scale of operations of PPPL improved by 11.77% as marked by total operating income (TOI)) of Rs. 465.69 crore against Rs.416.66 crore in FY23. The increase in scale of operations is owing to better demand from existing and new customers. The profitability margins of the company also improved slightly as marked by PBILDT and PAT margin of 8.94% and 3.10% in FY24 against 7.98% and 2.58% respectively in FY23. The improvement in margins was on account low raw material cost and direct expenses. Further till March 28, 2025, the company has achieved total operating income of ~ Rs.600 crore.

Moderate Financial Risk Profile

The capital structure of the company moderated in FY24 as marked by overall gearing ratio of 1.10x for FY24 as against 0.96x for FY23. The moderation in the capital structure was owing to new term debt of ~Rs.32 crore availed by the company for expansion purpose during FY24. Further in FY25, company has total sanctioned term loans of ~Rs.152 crore (including existing ones) out of which Rs.124.86 crore is outstanding as on Feb 28, 2025, which is expected to deteriorate the capital structure going forward in FY25, however slightly improve from FY26 onwards owing to generation of higher cash accruals.

The debt coverage indicators of the company continue to remain comfortable as marked by interest coverage ratio of 6.04x and total debt to GCA of 2.31x in FY24 as against 5.26x and 2.02x respectively in FY23. Improvement in interest coverage was owing to moderately improved profitability levels. However, moderation in Total debt to GCA was due to new term loans availed by the company during FY24

Comfortable operating cycle

The operating cycle continues to remain comfortable at 4 days in FY24 as against 0 days in FY23. This was mainly due to the long-standing relationship of promoters in automobile industry which aided the company in maintaining comfortable credit period with its suppliers.

The company typically maintains inventory for seven to fifteen days due to the space-intensive nature of plastic inventory, making it impractical to hold stock for longer periods. Additionally, the average collection period for the company is approximately low, as it predominantly engages with highly reputed clients such as Maruti, Honda, and TVS etc.

Established relationship with reputed customer base

The company's business risk profile continues to be supported by healthy association developed with automobile companies like Honda Cars India Limited, TVS, Maruti Suzuki Private Limited etc through their continuous supply of products which reflects the acceptance of product manufactured by the company.

PPPL is exclusive supplier for Maruti Suzuki and TVS. In terms of parts supplied by PPPL in plastic category it holds 70% share in TVS, 60% share in Suzuki and 50% share in Honda.

Furthermore, in light of the satisfactory work, the company has managed to get repeat orders from its customers. Association with reputed client base ensures timely realization of receivables.

Key weaknesses

Concentrated Customer base

The Indian Auto Component Industry caters to two segments- original equipment manufacturers (OEM) and replacement market. OEM dominates the auto component market contributing around 80% while the replacement market share is 20%. The auto component sector is largely unorganized with about 10,000 players operating in the unorganized market. The high competition restricts the pricing flexibility and bargaining power of the company. However, the risk is partially mitigated by the fact that the company is the supplier to reputed and long-term customers like TVS Motor Company Limited, Honda Motorcycle & Scooter India, Maruti Suzuki India Limited.

High fund requirement for Capex leading to high repayments

The company is regularly undertaking capex for capacity expansion which lead to minimum surplus cash available in the company along with high debt repayment of existing term debts.

Capex is necessary for PPPL as it supply to OEMs and they add new models every year which creates need for new technology. The company had undertaken capacity expansion for manufacturing facilities which lead to additional debt in FY21, FY22, FY24 and FY25, which lead to decrease in the surplus cash available with the company. Further, majority of the company's term loan has shorter maturity leading to high debt repayment year over year, thereby further leading to moderation in the DSCR. Company has availed debt in FY25 in order to expand the current capacity in order to meet the requirements of the OEMs for latest models. Also, in FY24 & FY25 company has also established their own units which was earlier on lease leading to savings of ~Rs.0.55 crores of per month lease rentals.

The overall gearing of the company stood at 1.10x as on March 31, 2024 as against 0.96x as on March 31, 2023. Further, in FY25, overall gearing of the company is expected to moderate amid ongoing debt funded capex.

Competition in the industry due to low entry barriers

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Raw material price fluctuation:

The main raw material for the manufacturing of plastic moulding components are chemicals, metal PVC granules. There has been significant price fluctuation in the past due to the increase in price of crude oil derivatives and lower imports, thereby causing high costing of its product. However, most of the company products are covered under escalation clause with the customers and pricing for its product are revised every 3 months considering the market scenario. Therefore, the increase in price is short term in nature and is not expected to impact the long-term profitability of the company. However, inability of the company to pass on the price increases, will have an adverse impact on its profitability and given the high repayment due to recently completed capital expenditure, the company may have liquidity challenges, and this would be key rating sensitivity.

Liquidity: Adequate

PPPL's liquidity profile stands adequate given its sufficient cash accruals as against its high debt repayment. PPPL reported GCA of around ₹30 crore in FY24 (PY: Rs.23.32 crore) and is expected to improve in FY25 on account of generation of accruals from new plants and reduction of leased rental expenses going forward. In FY25, GCA of the company is envisaged to be ~Rs.38 crore and ~Rs.49 crore in FY26 against which the total scheduled debt repayment for FY25 stands at around ~ Rs.23 crore and in FY26 at ~Rs.26 crore. Furthermore, average cash credit limits utilization was around 32% for the trailing 12 months ending with December 31, 2024, against the sanctioned limit of Rs. 10.00 crore which will also provide additional liquidity buffer to the company.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

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
Short Term Instruments
Consolidation

About the company and industry

Industry classification

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

Haryana based, Premier Plasmotec Private Limited (PPPL) was established on August 26, 2009 by Mr. Inder Bhatia as a private limited company. The business operations are managed by Mr. Inder Bhatia and Mr. Ankit Bhatia. The company is engaged in manufacturing and supply of plastic parts for two wheelers and four wheelers for prestigious OEMs in India. The manufacturing facility of the company is located at Faridabad, Bangalore, Rajasthan (Tapukara) and Tamil Nadu (Hosur). The main raw material for the manufacturing of plastic moulding components are chemicals, metal PVC granules which are procured from traders and dealers located all over India. PPPL has one wholly owned subsidiary namely Plasmotech Automotive Private Limited which is also engaged in same business. PPPL has a group associate named Premier Indoplast Private Limited which is engaged in the same line of business.

Consolidated financials-

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)*
Total operating income	416.66	465.69	384.41
PBILDT	33.24	41.61	30.84
PAT	10.77	14.44	7.62
Overall gearing (times)	0.96	1.10	NA
Interest coverage (times)	5.26	6.04	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results
*9 months FY25 numbers are standalone

Status of non-cooperation with previous CRA: Brickwork has moved the rating to not reviewed advisory on March 28, 2025 after continuation of ratings assigned to the bank facilities of Premier Plasmotec Private Limited as "Issue Not co-operating" vide its press release dated March 27, 2024 on account of its inability to carryout review in the absence of requisite information received from the company.

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-Term Loan		-	-	Oct 2031*	152.47	CARE BBB; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	20.00	CARE BBB; Stable / CARE A3+
Non-fund-based - LT/ ST-BG/LC		-	-	-	35.00	CARE BBB; Stable / CARE A3+

*There are multiple term loans and last repayment date is October 2031, however this might change based on the disbursement of term loans.

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	152.47	CARE BBB; Stable	1)CARE BBB; Stable (04-Apr-24)	-	1)CARE BBB-; Stable (28-Mar-23) 2)CARE BB+; Stable; ISSUER NOT COOPERATING* (15-Jul-22) 3)CARE BBB-; Stable (06-Apr-22)	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	20.00	CARE BBB; Stable / CARE A3+	1)CARE A3+ (04-Apr-24)	-	1)CARE A3 (28-Mar-23) 2)CARE BB+; Stable; ISSUER NOT COOPERATING* (15-Jul-22) 3)CARE BBB-; Stable (06-Apr-22)	-
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	35.00	CARE BBB; Stable / CARE A3+	1)CARE A3+ (04-Apr-24)	-	1)CARE A3 (28-Mar-23) 2)CARE A4+; ISSUER NOT COOPERATING* (15-Jul-22) 3)CARE A3 (06-Apr-22)	-

*Issuer did not cooperate; based on best available information.
LT: Long term; LT/ST: Long term/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-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the 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	Plasmotech Automotive 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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