National Plastic Industries Limited

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	28.00	CARE BBB-; Stable	Reaffirmed
Short-term bank facilities	4.25	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of National Plastic Industries Limited (NPIL) continues to derive strength due to moderate despite decline in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin in FY25 (FY refers to April 01 to March 31) with comfortable capital structure, debt coverage indicators and adequate liquidity position. Ratings continue to derive strength from established track record of operations with extensive experience of promoters, diversified product portfolio, established brand with satisfactory marketing distribution setup and diversified and long-standing relationship with customers and suppliers.

However, ratings continue to remain constrained by its moderate and stagnancy in the scale of operations, working capital intensive operations characterised by elongated operating cycle, susceptibility of operating profitability to volatile raw material prices and foreign exchange rates and its presence in a highly competitive and fragmented industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operation over ₹150 crore on a sustained basis and PBILDT and profit after tax (PAT) margins remain above 11% and 5% respectively on a sustained basis.
- Improving operating cycle below 120 days on a sustained basis.

Negative factors

- Declining overall performance leading to significant decrease in revenue and cash accruals.
- Deteriorating debt coverage indicators with interest coverage falling below 2.5x.
- Deteriorating capital structure with overall gearing exceeding a 2x level.
- Elongating working capital cycle or large debt-funded capex, impacting financial risk profile or liquidity position.

Analytical approach: Standalone

Outlook: Stable

The continuation of "Stable" outlook reflects CARE Ratings Limited's (CareEdge Ratings') belief that NPIL will sustain its scale of operations, profitability and sustainable financials credit profile in the near-to-medium term considering established market presence and experience promoters in the industry.

Detailed description of key rating drivers:

Key strengths

Established track record of operations with extensive experience of promoters

NPIL's promoters (Parekh family) have been involved in manufacturing and marketing injection-moulded plastic products for over five decades. Over the years, NPIL has developed a strong association with suppliers and customers, enabling it to garner regular orders from them.

Diversified product portfolio and established brand and satisfactory marketing distribution setup

NPIL manufactures injection-moulded plastic products broadly classified into furniture, household and commercial items, which have been sold under the brand name 'National' for over five decades. NPIL covers a wide range of products, which finds its application across purposes. In FY25, the company derived ~73.76% revenues from moulded plastic materials, followed by 10.48% from sale of plastic mats, 10.39% from sale of coolers, and remaining from sale of other products. The company also has a good distribution network as it operates from Mumbai and has its branch offices in Ghaziabad, Bengaluru, Kerala, and Punjab. The company is continuously in the process of addition of new range of plastic furniture, which enables them to garner continuous orders from its customers amidst a highly competitive environment.

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

Established relations with customers and suppliers
In the last five decades of its existence, NPIL has established a healthy relationship with reputed customers. The company regularly supplies plastic-moulded furniture and houseware to these companies and enjoys relationships for over 10-15 years with them, which have helped NPIL generate ~25% of total revenue in FY25 (against 25% in FY24) from top five customers. NPIL enjoys a healthy relationship with its suppliers, which offer moderate credit to the company. In FY25, ~63% of its raw material requirements (compared to ~77% in FY24) were met by its top five suppliers.

Moderate profit margins
NPIL's PBILDT margin despite marginally declining, continued to remain moderate at 9.98% in FY25, compared to 11.16% in FY24. Although, volume of goods sold decreased in FY25 due to the discontinuation of cooler sales to Bajaj Electricals Limited (Bajaj) and reduced demand in the export market; the company achieved better sales realisation with selling price rising from ₹174/kg in FY24 to ₹184/kg in FY25. This improvement was driven by addition of high value products . PAT margin improved from 1.75% in FY24 to 3.87% in FY25, considering reduction in finance cost due to lower utilisation of bank borrowing. Gross cash accruals (GCA) stood moderate at ₹6.88 crore in FY25 against ₹7.35 crore in FY24. Return on capital employed (RoCE) also stood moderate at 8.94% in FY25 against 9.46% in FY4. With the revival of demand and stabilisation of freight cost, NPIL expects margin to remain stable in the near-to-medium terms.

Comfortable capital structure and moderate debt coverage indicators
NPIL's capital structure has improved and remain comfortable with overall gearing reaching at 0.61x as on March 31, 2025, from 1.08x as on March 31, 2024, considering reduction in debt due to partial repayment of unsecured loan, lower utilisation of working capital requirement and accretion of profits to reserve, which increases the company's tangible net worth. Debt coverage indicators also improved with a reduction in debt and thus, total debt to GCA (TD/GCA) stood at 3.74x in FY25 against 5.60x in FY24. It continues to remain at a moderate level. Interest coverage remained stable at 5.42x in FY25 against 5.40x in FY24 due to a reduction in interest cost and absolute PBILDT level. Capital structure and debt coverage indicators are expected to remain comfortable with no proposed enhancement in working capital limits and scheduled repayment of term loans, reducing the interest cost with no major debt-funded capex planned in the medium term.

Key weaknesses

Moderate scale of operations
The company's total operating income (TOI) stood moderate and remained stagnant with marginal decline of 1.45% reported in FY25 and stood at ₹96.95 crore compared to ₹98.38 crore as in FY24. This was considering discontinuation of cooler sales to Bajaj from December 2024 onwards, typically the peak season for cooler sales and decline in exports sales from 15% in FY24 to 7% in FY25. The company anticipates export activities to resume as freight rates return to normal levels and recent capital expenditures at Silvassa and Patna, which have improved product quality and introduced new product ranges in premium quality products that are experiencing increasing demand across markets. These developments are likely to support revenue growth in the near-to-medium term.

Working capital intensive operations
The company's overall operations stood working capital intensive marked by gross current assets period of 146 days in FY25 (against 166 days in FY24). The improvement in the same was considering reduction in collection and inventory period in FY25. The debtor's recovery has improved as the stringent policy adopted by company for debtors' recovery from the last couple years leading to improvement in collection period from 80 days in FY24 to 56 days in FY25. Creditors' period also reduces from 28 days in FY24 to 19 days in FY25 due to early recovery of debtors, which enables NPIL to get cash discounts from suppliers. NPIL's hold inventory period of 109 days in FY25 against 113 days in FY24 due to adequate level of inventory across product ranges maintained by company to meet unexpected demand from customers. Operations continue to remain working capital intensive.

Margins susceptible to volatile raw material prices and foreign exchange fluctuation risk
NPIL's raw materials primarily constitute crude oil derivatives such as polypropylene and polystyrene. These costs constituted almost 66-70% of the total revenue. The company's input costs have been fluctuating over the years due to volatile nature of crude oil prices. However, in the past, the company has been able to pass on increase in raw material prices to customers with a time lag. Profitability is also exposed to fluctuations in foreign currency, as the company exports ~7% of products with no hedging mechanism in place and does not benefit due to natural hedge.

Intense competition putting pressure on margins
The company operates in a highly competitive and fragmented market, which consists of large-to-small-sized players. Low entry barriers in the industry further intensify already prevailing high competition in the market. Thus, the competitive and fragmented nature of the industry continues to have bearing on margins and credit offered to its customers by players operating in this industry.

Liquidity: Adequate
Adequate liquidity characterised by sufficient cushion in accruals against repayment obligations of remained in the range of ₹1 crore to ₹2 crore for FY26 and FY27. The company has a lower cash balance of ₹0.37 crore as on March 31, 2025. On an average basis, maximum and average fund-based limit utilisation remained at 61.76% and 49.56%, respectively, for 12 months ended as of May 2025. The current ratio and quick ratio stood at 1.50x and 0.55x respectively as on March 31, 2025. Cash flow from

operating activities stood positive at ₹9.67 crore in FY25 (against positive of ₹17.35 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
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Furniture, home furnishing

NPIL was established in 1952 and is currently managed by Paresh Parekh and Ketan Parekh. NPIL is mainly engaged in manufacturing and marketing injection-moulded plastic products. NIPL's products can broadly be classified into furniture, household, and commercial items, which are sold under the brand name of 'National'. The company operates from its registered office at Andheri (East), while it also operates through its branches in Ghaziabad, Bangalore, Kerala, and Punjab. Its manufacturing facilities are at Silvassa, Patna, and Nellore. NPIL primarily caters to domestic market that accounted for ~93% of the sales in FY25 (against 85% in FY24), while balance 7% in FY25 (against 15% in FY24) through exports to the USA, Australia, the Middle East, Panama, Africa, New Zealand, and Romania.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	98.38	96.95
PBILDT	10.98	9.68
PAT	1.73	3.76
Overall gearing (times)	1.08	0.61
Interest coverage (times)	5.40	5.42

A: Audited; 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		-	-	-	28.00	CARE BBB-; Stable
Non-fund-based - ST-ILC/FLC		-	-	-	4.25	CARE A3

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	28.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (04-Jul-24)	1)CARE BBB-; Stable (06-Sep-23)	1)CARE BBB-; Stable (13-Sep-22)
2	Non-fund-based - ST-ILC/FLC	ST	4.25	CARE A3	-	1)CARE A3 (04-Jul-24)	1)CARE A3 (06-Sep-23)	1)CARE A3 (13-Sep-22)

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
2	Non-fund-based - ST-ILC/FLC	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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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