

June 21, 2023

To,
**Department of Corporate Services
BSE Limited**
Floor 25, Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai – 400 001

To,
**Corporate Relation Department
National Stock Exchange of India Limited**
Exchange Plaza, 5th Floor,
Plot No. C/1, G- Block,
Bandra Kurla Complex, Bandra (East),
Mumbai- 400 051

Scrip Code : 523648

Stock Code : PLASTIBLEN

Sub : Intimation of Credit Rating

Dear Sir/ Madam,

In terms of Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with corresponding circulars and notifications issued thereunder, it is hereby informed that CRISIL Ltd. has

1. Reaffirmed its Rating at A+/stable on the long term Bank facilities.
2. Reaffirmed its Rating at A1 on the short term Bank facilities.

The copy of rating relational is enclosed.

You are requested to take the above information on records.

Thanking you,

Yours faithfully,
For Plastiblends India Ltd.

Himanshu Mhatre
Company Secretary

Encl. : as above

Merging Ideas

Rating Rationale

May 25, 2023 | Mumbai

Plastiblends India Limited

Ratings Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.96 Crore
Long Term Rating	CRISIL A+/Stable (Reaffirmed)
Short Term Rating	CRISIL A1 (Reaffirmed)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its 'CRISIL A+/Stable/CRISIL A1' ratings on the bank facilities of Plastiblends India Limited (PBIL). The ratings continue to derive strength from PBIL's strong market position in the masterbatch industry, diverse product portfolio and strong financial risk profile backed by low debt and healthy network. These strengths are partially offset by susceptibility to volatility in raw material prices and intense competition in the industry.

Revenues in fiscal 2023 increased by ~9% to ~770 crores driven primarily by price growth and ~2% volume growth. Operating margin saw moderation to 7.1% in fiscal 2023 from 9.3% in fiscal 2022 due to losses on carrying inventory with volatility in material prices during Q2 & Q3 of fiscal 2023, challenging global economic environment impacting export demand and weakening of rupee against dollar. However, Q4FY23 saw a revival in margins to ~8.3% with impact of softening of material costs getting reflected as the high-priced carry-over stocks got replenished and operating margins are expected to sustain as such levels going ahead.

Healthy financial risk profile is marked by strong capital structure and robust debt protection metrics. The company has nil overall debt and a strong interest coverage of over 26 times in fiscal 2023. The company also has a strong liquidity with cash surplus at Rs.30 crores as on March 31, 2023.

Analytical Approach

CRISIL Ratings has evaluated the business and financial risk profile of PBIL on a standalone basis.

Key Rating Drivers & Detailed Description

Strengths:

- Strong market position in the masterbatch segment:** PBIL is among the largest manufacturers of masterbatches in India, accounting for 10-15% of the organised domestic masterbatch industry. The company's units manufacture a diverse product portfolio catering to a diverse customer bases across domestic and overseas markets. PBIL has strong presence in the Middle East and African markets. Although the company's products are in the nature of commodities, it has maintained better operating margin than its peers because of strong market position and ability to develop value-added products.
- Strong financial risk profile:** Nil overall debt has resulted in negligible and improvement in overall gearing as on March 31, 2023, against 0.09 time a year earlier. The debt protection metrics remain robust, with interest coverage ratio over 26 times in fiscal 2023. Financial risk profile should remain healthy over the medium term, backed by adequate cash accrual and absence of any large capital expenditure (capex).

Weaknesses:

- Exposure to volatility in raw material prices:** Profitability is susceptible to the prices of polymer, which accounts for 50-60% of the total raw material cost. This was reflected in decline in operating margin to ~7% in fiscal 2023 against ~9% in the previous fiscal due to high priced carryover inventory stocks and partial pass on of price increases. However, recovery in margins was observed in Q4FY23. Frequently revising pricing (fortnightly or monthly) helps mitigate the impact of changes in raw material rates to some extent.
- Exposure to intense competition:** The masterbatch industry in India is characterised by the presence of a large, unorganised sector, accounting for almost 50% of the market share. This, coupled with the commoditised nature of the product, results in intense competition in the industry, limiting product differentiation and pricing power for companies such as PBIL.

Liquidity: Strong

Liquidity is backed by healthy cash accrual of Rs 33 crore in fiscal 2023 and cash equivalents of about Rs 30 crore March 31, 2023. The average bank limit utilisation was ~10% for the 12 months ended March'2023. Available liquidity, absence of term debt repayment and healthy expected annual cash accrual should suffice to cover low capex and any incremental working capital requirement.

Outlook: Stable

The company will continue to benefit from its established market position in the masterbatch segment, while financial risk profile is expected to remain strong over the medium term, backed by adequate cash accrual.

Rating Sensitivity Factors

Upward factors

- Significant increase in scale of operations with strong compound annual growth rate (CAGR) of 15% or above in revenue, sustaining over the medium term
- Sustained improvement in the operating margin, leading to significantly higher cash accrual

Downward factors

- Weaker-than-expected operating performance, driven by low demand, leading to moderation in the business risk profile
- Sustained decline in operating margin to less than 7% with stagnant revenue, leading to reduced cash accrual
- Weakening of the financial risk profile due to any large, debt-funded capex

About the Company

Incorporated in 1991, PBIL is part of the Kolsite group of companies. It manufactures white, black and coloured masterbatches and compounds used primarily as colouring agents in plastics. The masterbatches are marketed under the trade names - Polyclear, Polynuc, Polyultra, Antimicrobial, Polyrodent, PolyFR and Anti-fibrillation. Its plants in Daman; Roorkee, Uttarakhand; and Surat, Gujarat; have combined manufacturing capacity of ~125,000 tonne per annum.

Key Financial Indicators (CRISIL Ratings-adjusted numbers)

As on/for the period ended March 31,	Unit	2023	2022
Operating income	Rs.Crore	774	720
PAT	Rs.Crore	27	37
PAT margin	%	3.5	5.1
Adjusted debt/adjusted networth	Times	0.0	0.09
Adjusted interest coverage	Times	26.01	21.62

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity levels	Rating assigned with outlook
NA	Letter of credit & Bank Guarantee	NA	NA	NA	3.6	NA	CRISIL A1
NA	Packing Credit [^]	NA	NA	NA	10	NA	CRISIL A+/Stable
NA	Proposed Letter of Credit & Bank Guarantee	NA	NA	NA	2.4	NA	CRISIL A1
NA	Working capital Facility*	NA	NA	NA	20	NA	CRISIL A+/Stable
NA	Working capital Facility**	NA	NA	NA	20	NA	CRISIL A+/Stable
NA	Working capital Facility**	NA	NA	NA	40	NA	CRISIL A+/Stable

*Interchangeable with packing credit, buyer's credit, post-shipment credit in foreign currency, working capital demand loan, and export bill discounting

**Interchangeable with packing credit, buyer's credit, post-shipment credit in foreign currency, working capital demand loan, export bill discounting, letter of credit and bank guarantee

[^]Interchangeable with cash credit, export bill discounting, buyer's credit, post-shipment in foreign currency, and working capital demand loan

Annexure - Rating History for last 3 Years

Instrument	Current			2023 (History)		2022		2021		2020		Start of 2020
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	90.0	CRISIL A+/Stable		--	18-04-22	CRISIL A+/Stable	26-03-21	CRISIL A+/Stable	31-03-20	CRISIL A+/Stable	CRISIL A+/Stable
			--		--	21-03-22	CRISIL A+/Stable		--		--	--
Non-Fund Based Facilities	ST	6.0	CRISIL A1		--	18-04-22	CRISIL A1	26-03-21	CRISIL A1	31-03-20	CRISIL A1	CRISIL A1

			--		--	21-03-22	CRISIL A1		--		--	--
Commercial Paper	ST		--		--	21-03-22	Withdrawn	26-03-21	CRISIL A1	31-03-20	CRISIL A1	CRISIL A1

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Letter of credit & Bank Guarantee	3.6	HDFC Bank Limited	CRISIL A1
Packing Credit [^]	10	Kotak Mahindra Bank Limited	CRISIL A+/Stable
Proposed Letter of Credit & Bank Guarantee	2.4	Not Applicable	CRISIL A1
Working Capital Facility ^{**}	40	Citibank N. A.	CRISIL A+/Stable
Working Capital Facility ^{**}	20	The Hongkong and Shanghai Banking Corporation Limited	CRISIL A+/Stable
Working Capital Facility [*]	20	HDFC Bank Limited	CRISIL A+/Stable

This Annexure has been updated on 25-May-2023 in line with the lender-wise facility details as on 11-May-2023 received from the rated entity.

^{*}Interchangeable with packing credit, buyer's credit, post-shipment credit in foreign currency, working capital demand loan, and export bill discounting
^{**}Interchangeable with packing credit, buyer's credit, post-shipment credit in foreign currency, working capital demand loan, export bill discounting, letter of credit and bank guarantee

[^]Interchangeable with cash credit, export bill discounting, buyer's credit, post-shipment in foreign currency, and working capital demand loan

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufacturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Chemical Industry
CRISILs Criteria for rating short term debt

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