PG
PG ELECTROPLAST LIMITED
CIN-L32109DL2003PLC119416
Corporate Office :
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Greater Noida-201306, Distt. Gautam Budh Nagar (U.P.) India
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December 05, 2024

To,
The Manager (Listing)
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: 533581

To,
The Manager (Listing)
National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051

Scrip Symbol: PGEL

Sub: Credit Rating of PG Technoplast Private Limited (Wholly Owned Subsidiary of the Company)

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to inform that CRISIL Ratings Limited on December 04, 2024, has upgraded PG Technoplast Private Limited's (Wholly Owned Subsidiary of PG Electroplast Limited) Long-Term Rating 'CRISIL A/Positive' to **'CRISIL A+/Stable'**

The Long term and short-term ratings are given below:

Total bank Loan Facilities Rated	Rs. 661.27 Crore*
Long Term Rating	**CRISIL A+/Stable** *(Upgraded from 'CRISIL A/Positive')*
Short Term Rating	**CRISIL A1** *(Reaffirmed)*

*(Enhanced from Rs.574.67 Crore)

A copy of report from credit rating agency - CRISIL Ratings Limited is attached for your reference.

This is for your information and record please.

For **PG Electroplast Limited**
SANCHAY DUBEY Digitally signed by SANCHAY DUBEY Date: 2024.12.05 18:40:32 +05'30'
(Sanchay Dubey)
Company Secretary

■ *Registered Office*
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New Delhi-110025
Tele-Fax # 011-41421439

Rating Rationale

December 04, 2024 | Mumbai

Pg Technoplast Private Limited

Long-term rating upgraded to 'CRISIL A+/Stable'; Short-term rating reaffirmed; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	**Rs.661.27 Crore (Enhanced from Rs.574.67 Crore)**
Long Term Rating	**CRISIL A+/Stable (Upgraded from 'CRISIL A/Positive')**
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 upgraded its rating on the long-term bank loan facilities of PG Technoplast Private Limited (PGTPL, part of the PG group) to '**CRISIL A+/Stable**' from 'CRISIL A/Positive' while short-term rating has been reaffirmed at 'CRISIL A1'.

The ratings upgrade reflects the group's continuously improving business risk profile aided by healthy revenue share of around 60% from the products business while sustaining a healthy market position in the plastic moulding component business as well. The group has a diverse product profile and is one of the leading contract manufacturers/vendors for room air conditioners (RACs), washing machines and other plastic moulded components for white goods. It has a diversified clientele across reputed white goods brands. The group has achieved revenue of around Rs. 1991 crore in H1-FY25 (growth of ~75% from Rs. 1138 crore in H1-FY24) and is expected to clock revenue of over Rs 3500 crore for full fiscal 2025 and over Rs 4000 crore in fiscal 2026 aided by the increasing penetration and increasing demand of the RAC segment in India. The group's revenue grew by around 27% to Rs. 2748 crore in FY 2024 from Rs. 2161 crore in FY 2023, driven by increase in revenue from the product business to Rs. 1649 crore in FY 2024 from Rs 1341 crore in FY 2023 and Rs 478 crore in FY 2022. The group reported operating margins of 8.8% in FY 2024 compared to 7-8% over the three fiscals ended March 2023. Operating margins have been continually improving supported by benefits of backward integration and increased contribution from ODM (Original Design Manufacturer) segment, wherein operating margins are better than OEM (Original Equipment Manufacturer) segment. Operating margins have further improved to 9.8% in H1-FY25 viz-a-viz. 9.5% in H1-FY24 and are expected to be around 9-10% over the medium term.

The rating upgrade also factors in the group's improved financial risk profile. The group raised funds of Rs 500 crore through qualified institutional placement (QIP) in fiscal 2024, for funding working capital requirements and capacity expansion (capex) over FY 2024 and FY 2025. Networth improved to Rs 1035 crore for the year ended March 31, 2024 (from Rs 395 crore as on March 31, 2023) and it is expected to improve to nearly Rs 1200 crore for the year ending March 31, 2025. Capital structure has also improved as reflected in gearing and total outside liabilities to tangible networth (TOLTNW) ratio of 0.35 time and 1.23 times as on March 31, 2024 (1.38 times and 2.80 times as on March 31, 2023) and are expected to be around 0.35-0.40 time and around 1.2-1.3 times for the year ending March 31, 2025. The group has also received approval from its Board to raise additional funds to the tune of Rs. 1500 cr. through QIP which is expected to be utilized to fund the capex and for the working capital requirements.

At a standalone level, PGTPL's operating income grew by 41% year-on-year to Rs 1456.8 crore in fiscal 2024 from Rs 1032.8 crore in fiscal 2023. PGTPL's revenue is expected to be over Rs 1800 crore for full fiscal year 2025. Operating margin also improved to 9.7% in fiscal 2024 from 7.9% in fiscal 2023 and is expected to remain around 9-10% going forward. PGTPL's networth and gearing are expected to be nearly Rs 440 crore and around 1.1-1.2 times for the year ending March 31, 2025 (Rs 358.1 crore and 1.2 times as on March 31, 2024).

The ratings reflect the strong support from the parent, PGEL, and extensive experience of the promoters, diverse product profile along with well-established clientele and comfortable financial risk profile. These strengths are partially offset by exposure to intense competition in the consumer electronics segment, and large working capital requirement

Analytical Approach

CRISIL Ratings has factored in the support to PGTPL from the parent, PGEL, by applying the parent notch-up criteria as PGTPL is critical to the group.

Key Rating Drivers & Detailed Description

Strengths:

- **Strong support from the parent and extensive experience of the promoters:** PGTPL will continue to benefit from the strong market position of PGEL along with the three decades of experience of the promoters in the consumer durables industry. The group is one of the leading contract manufacturers/vendors for RACs, washing machines and other plastic moulding components for white goods the plastic components segment. The promoters' experience of more than 30 years in the consumer durables industry, the group's established position and their healthy relationships with reputed client base will continue to support the business risk profile. PGEL has the capacity to offer product development and manufacturing solutions from designing, tooling to final assembling and testing. The group is continuously increasing the revenue share in the ODM solution space which offers better operating margin; the revenue from product business has improved to Rs.1649 crores in FY24 from Rs. 478 crores in FY22. With the in-house capacity and huge demand, the business from product business is expected to improve further going forward. Most of the operations are backward-integrated and the processes are carried out in-house. Backward integration gives it the flexibility to control the manufacturing processes and reduce dependence on external suppliers, which has enabled it to become a consistent and reliable ODM supplier and contract manufacturer.

- **Diverse product profile and well-established clientele:** The group supplies to leading brands in the washing machine, domestic refrigeration and RAC markets leading to strong client relationship. The group has large product portfolio and is manufacturing plastic parts for a comprehensive range of consumer electronic products such as RACs, air coolers, refrigerators and washing machines. PGEL is one of the leading, diversified Indian manufacturing services provider and among the few companies in India specializing in ODM, OEM and plastic injection moulding for the consumer durables industry, thereby providing one stop and end to end solutions to consumer durable brands. RAC and Washing machine segments contributed around 79% and 19% of products segment revenue (which is around 60% of group's total revenue). Plastic moulding and electronics segment contributed around 26% and 14% respectively to the group's total revenue.

- **Comfortable financial risk profile:** PGTPL's networth and gearing are expected to be nearly Rs 440 crore and around 1.1-1.2 times for the year ending March 31, 2025 (Rs 358.1 crore and 1.2 times as on March 31, 2024). Debt protection metrics are comfortable with expected interest coverage ratio and net cash accruals to adjusted debt ratio of around 4 times and around 0.2 time, respectively, for fiscal 2025 (3.04 times and 0.2 time in fiscal 2024).

Weaknesses:

- **Exposure to intense competition in the consumer electronics segment:** The domestic consumer electronics market is intensely competitive on account of the entry of several large players over the past few years, which has affected profitability of most players such as PG group. Additionally, raw material price fluctuations accentuate the pressure on profitability because of the players' inability to pass on cost increases to their customers. Therefore, profitability will remain constrained for most players in the industry on account of intense competition and expectation of economies of scale benefits to be passed on to large consumer goods brands in the domestic market. However, the ODM business is expected to support profitability.

- **Large working capital requirement:** Gross current assets (GCAs) have ranged between 200-290 days over the three fiscals ended March 2024; GCAs were 220 days as on March 31, 2024 driven by debtors and inventory of 99 days and 107 days. GCAs are expected to be in range of 160-180 days going forward owing to healthy revenue inflow in the second half of the fiscal driven by the demand for ACs in summer. However, the working capital cycle is supported by payables of 100-120 days. The working capital requirement will remain large over the medium term considering the healthy growth prospects and ramp-up of volume in the AC segment.

Liquidity: Strong

Net cash accruals of the group are expected to be Rs 110-160 crore annually which will sufficiently cover yearly debt repayment obligation of Rs.30-40 crore over the medium term. Bank limit utilisation averaged at 29% for the 12 months ended June-2024. Current ratio was 1.13 times as on March 31, 2024. Internal cash accrual, cash and equivalent, and unutilised bank lines will be more than adequate to meet debt obligations and incremental working capital requirements over the medium term

Outlook: Stable

CRISIL Ratings believes the PG group will continue to benefit from the increasing revenue share and better profitability from ODM business, along with the extensive experience of the promoters and established relationships with clients

Rating sensitivity factors

Upward factors:

- Upgrade in the parent's credit risk profile.
- Increase in revenue by over 30% and sustenance of operating margin at around 9% leading to higher cash accruals.
- Improvement in the working capital cycle and financial risk profile of the group, with gearing maintained below 1 time.

Downward factors

- Downgrade in the parent's credit risk profile.
- Large, debt-funded capex weakening the financial risk profile of the group, with gearing of more than 2 times
- Decline in net cash accrual of group below Rs.70-80 crore on account of fall in revenue or operating margin.

About the Company

About the Company Incorporated in August 2020, PGTPL manufactures consumer appliances. Its facilities are in Ahmednagar, Maharashtra. Mr Anurag Gupta, Mr Vishal Gupta and Mr Vikas Gupta are the promoters.

About the Group

PGEL, set up in 2003 by Mr Promod Gupta, manufactures printed circuit board assemblies, plastic injection mouldings for major consumer durables, specialised AC components, home electricals and kitchen appliances. The company caters to industries such as automotive components, consumer electronics mobile handsets and sanitaryware. It has facilities in Roorkee, Uttarakhand; Greater Noida, Uttar Pradesh; and Pune, Maharashtra.

Incorporated in August 2020, PGTPL manufactures consumer appliances. The company is promoted by Anurag Gupta, Vishal Gupta and Vikas Gupta. It has facilities in Ahmednagar, Maharashtra.

PGPPL was incorporated in June 2021; the company manufactures consumer appliances. It is promoted by Anurag Gupta, Vishal Gupta and Vikas Gupta, and has facilities in Noida.

Key Financial Indicators

As on / for the period ended March 31		2024	2023
Operating income	Rs crore	1457	1033
Reported profit after tax	Rs crore	60	33
PAT margins	%	4.1	3.2
Adjusted Debt/Adjusted Net worth	Times	1.19	3.34
Interest coverage	Times	3.04	2.92

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 Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	33.75	NA	CRISIL A1
NA	Bill Discounting	NA	NA	NA	4.00	NA	CRISIL A1
NA	Cash Credit	NA	NA	NA	122.00	NA	CRISIL A+/Stable
NA	Foreign Letter of Credit	NA	NA	NA	317.75	NA	CRISIL A1
NA	Term Loan	NA	NA	31-Mar-27	7.39	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Mar-27	64.00	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Mar-27	15.21	NA	CRISIL A+/Stable
NA	Term Loan	NA	NA	31-Mar-27	97.17	NA	CRISIL A+/Stable

Annexure - Rating History for last 3 Years

	Current			2024 (History)		2023		2022		2021		Start of 2021
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	ST/LT	309.77	CRISIL A+/Stable / CRISIL A1		--	20-10-23	CRISIL A/Positive		--	31-12-21	CRISIL A- (CE) /Stable	--
			--		--	23-01-23	CRISIL A-/Stable		--		--	--
Non-Fund Based Facilities	ST	351.5	CRISIL A1		--	20-10-23	CRISIL A1		--	31-12-21	CRISIL A2+ (CE)	--
			--		--	23-01-23	CRISIL A2+		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	33.75	HDFC Bank Limited	CRISIL A1
Bill Discounting	4	DBS Bank Limited	CRISIL A1
Cash Credit	16	DBS Bank Limited	CRISIL A+/Stable
Cash Credit	16.5	ICICI Bank Limited	CRISIL A+/Stable
Cash Credit	49.5	HDFC Bank Limited	CRISIL A+/Stable
Cash Credit	40	YES Bank Limited	CRISIL A+/Stable
Foreign Letter of Credit	195	HDFC Bank Limited	CRISIL A1
Foreign Letter of Credit	122.75	ICICI Bank Limited	CRISIL A1
Term Loan	7.39	HDFC Bank Limited	CRISIL A+/Stable
Term Loan	64	HDFC Bank Limited	CRISIL A+/Stable
Term Loan	15.21	ICICI Bank Limited	CRISIL A+/Stable

Term Loan	**97.17**	**HDFC Bank Limited**	**CRISIL A+/Stable**

Criteria Details

Links to related criteria
Rating criteria for manufaturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support

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CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

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For more information, visit www.crisilratings.com

About CRISIL Limited

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It is India’s foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

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