



Press Release

RENUKA PRECISION PLASTICS PRIVATE LIMITED (ERSTWHILE RENUKA PLASTI CRAFTS PRIVATE LIMITED)

October 04, 2024

Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	30.60	ACUITE BBB- Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	30.60	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) from 'ACUITE BB+' (read as ACUITE double B plus) on the Rs.30.60 Cr. bank facilities of Renuka Precision Plastics Private Limited (Erstwhile Renuka Plasti Crafts Private Limited) RPPPL. The outlook is 'Stable'.

Rationale for upgrade

The rating upgrade reflects RPPPL's long track record of operations and extensive experience of its management in the industry. Further, the rating upgrade considers moderate financial risk profile of the company, marked by moderate net worth, gearing and debt protection metrics. The net worth of the company stood at Rs.41.24 Cr. as on March 31st, 2024 (Prov.), as against Rs. 39.56 Cr. as on March 31st, 2023. The operating revenues stood stable at Rs. 87.10 Cr. in FY2024 (Prov) against Rs.81.42 Cr. in FY2023 and Rs.84.35 Cr. in FY2022. However, the operating profit margins moderated to 8.52% in FY2024 (Prov) and 7.80% in FY2023 from the exceptional highs of 17.95% in FY2022. Further, the rating remains constrained on account of moderate nature of working capital operations marked by GCA days of 105 days in FY2024 (Prov) and susceptibility of margins to volatility in raw material prices and highly competitive and fragmented nature of industry.

About the Company

Hyderabad (Telangana) – based, RPPPL was incorporated in the year 1999. The company is promoted by Mr. Anugu Dayanand Reddy, Mrs. Pingali Renuka Reddy, Mr. Varun Reddy Anugu and Mrs. Anugu Manali. The company is engaged in manufacturing of precision injection moulded components like stand-up caps, conical caps, flip top caps and shoulders, among others. The company also assembles plastic moulded components manually or using automatic machines for making pumps which are used in lotion bottles, hand sanitizer bottles, etc., using multi-cavity high precision fully / semi hot runner injection moulds.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of RPPPL to arrive at the rating.

Key Rating Drivers

Strengths

Extensive experience of promoters

The promoters, Mr. Anugu Dayanand Reddy, Mrs. Pingali Renuka Reddy, Mr. Varun Reddy Anugu and Mrs. Anugu Manali, have over two decades of experience in the mould and mould components industry which has helped RPPPL build healthy relationships with its customers and suppliers, to ensure a steady raw material supply and large offtake. Mr. A. Dayanand Reddy established 'Vasantha Tool Crafts Private Limited (VTPL)' in August, 1989, which is a manufacturer of high quality precision moulding machines. With 25 years of experience through VTPL, the company has designed and manufactured more than 2000 Precision Injection Moulds for various applications such as caps and closures for FMCG and Pharmaceuticals and high precision moulds for Medical, Electrical Switch Gear, Electronics and Writing Instruments.

Further, the company has reputed clientele such as the Himalaya Group, Cavinkare Group, Silgan Dispensing India Private Limited, etc., with whom the company has long standing relationship of more than a decade.

Acuité believes that the promoter's extensive experience and healthy relationship with customers and suppliers are expected to support its business risk profile and revenue profile over the medium term.

Stable operating revenue albeit moderation in profitability margins

In FY 2024 (Prov.), the company recorded a marginal increase in revenue to Rs. 87.10 Cr. marking a 6.98 % increase compared to Rs. 81.42 Cr. in FY2023. The increase was led by higher sale volumes and price realisations. Approximately 98.5% of sales are domestic, with the remaining coming from exports. As of July 2025, the company reported revenues of approximately Rs. 31.00 Cr. The operating profit margin of the company, however, moderated to 8.52% in FY2024 (Prov.) and 7.80% in FY2023 from 17.95% in FY2022. The moderation recorded in FY2023 and FY2024 is on account of profitability returning to normal levels from exceptional highs of FY2022, which was primarily driven by higher price realisations during the covid-19 pandemic. However, the margins are expected to improve in the near to medium term on account company adding products entailing higher margins. Furthermore, the company also intends to expand into a new market segment. Going ahead, the ability of the company to improve its revenue while maintaining its profitability will remain key monitorable.

Moderate financial risk profile

The financial risk profile of the company is moderate marked by moderate net worth, gearing and debt protection metrics. The net worth of the company stood at Rs.41.24 Cr. as on March 31st,2024(Prov.), as against Rs. 39.56 Cr. as on March 31st, 2023, due to accretion of reserves. The total debt of the company stood at Rs. 29.33 Cr.as on March 31, 2024 (Prov.) as against Rs.17.78 Cr. as on March 31, 2023. The debt profile of the company comprises of Rs. 11.27 Cr. of long-term debt, Rs. 14.11 Cr. of short-term debt and, Rs. 3.96 Cr. of CPLTD. The long-term debt of the company majorly comprises term loans taken to invest in moulds and machinery to enhance production capacity. The gearing of the firm stood moderate at 0.71 times in FY 2024(Prov.) as compared to 0.45 times in FY 2023. The TOL/TNW of the company stood at 0.96 in FY2024(Prov.) as against 0.84 in FY2023. Further, the debt protection metrics of the company stood moderate reflected by debt service coverage ratio of 1.61 times for FY2024(Prov.) as against 1.27 times for FY23. The interest coverage ratio stood at 3.71 times for FY24 (Prov.) as against 3.99 times for FY2023. The net cash accruals to total debt (NCA/TD) stood at 0.18 times in FY2024(Prov.) as compared to 0.26 times in the previous year. Acuite believes that the financial risk profile is expected to remain moderate on account of moderate accruals generation and in absence of any major debt funded capex over the near term.

Weaknesses

Moderate nature of working capital operations

The working capital operations of the company are moderate in nature marked by GCA days of 105 days in FY2024(Prov.) against 112 days in FY2023. The inventory holding period stood at 43 days as on 31st March 2024(Prov) as compared to 42 days on 31st March 2023. The debtor's collection period of the company stood at 62 days in FY2024(Prov.). The creditor days stood at 22 days for FY2024(Prov.) as against 21 days in FY2023. Furthermore, the average utilization for fund-based limits remained moderate, averaging around 44.89% over the last twelve months ending March 2024.

Susceptibility of margins to volatility in raw material prices and highly competitive and fragmented nature of industry

RPPPL's margins are susceptible to volatility in raw material prices. The key raw material required is plastic granules. Adverse changes in prices may affect the profitability of the company. During FY2024(Prov) and FY2023, the EBITDA margins of the company moderated to 8.52% and 7.80% respectively from 17.95% in FY2022. The company is operating in a competitive and fragmented nature of the industry. There are several players engaged in the moulded plastic products industry in organized and unorganized sector. Hence, the company faces pricing pressure from other competitors.

High customer and supplier concentration risk

The company is exposed to customer concentration risk with around 35-40 percent of its total sales for FY2023 and FY2024 have been derived from a single customer – Silgan Dispensing Systems India Private Limited. Further, the company has procured around 50-52 percent of its total raw material requirements from Reliance Industries Limited for FY2023 and FY2024. Hence, the company is exposed to customer and supplier concentration risk and the ability of the company to increase the scale of operations and diversify customer base would be the key rating sensitivity in the medium term.

Rating Sensitivities

- Growth in revenue with sustainability of the profitability margins.
- Any deterioration of its financial risk profile and liquidity position.
- Any elongation of the working capital cycle leading to deterioration in debt protection metrics.

Liquidity Position Adequate

The company's liquidity position is adequate. The company generated sufficient net cash accruals of Rs.5.32 Cr. in

FY2024(Prov.) as against its maturity debt obligations of Rs.3.96 Cr. during the same tenure. In addition, it is expected to generate sufficient cash accrual in the range of Rs.5.97 – Rs.6.94 Cr. against its maturing repayment obligations in the range of Rs.4.68-4.35 Cr. over the medium term. The current ratio stands at 1.29 times as on 31st March 2024(Prov.) as against 1.91 times as on 31st March 2023. Further, the working capital management of the company is moderate marked by GCA days of 105 days in FY2024(Prov.) as against 112 days in FY2023, however, the reliance on working capital limit utilisation stood moderate at 44.89% utilization over the last twelve months ending March 2024.

Acuité believes that the liquidity position of the company is expected to remain adequate on account of moderate cash accruals generation, buffer available from the unutilised working capital limits.

Outlook: Stable

Acuité believes that the company will continue to maintain a 'Stable' outlook over the medium term owing to its experienced management and long track record of operations. The outlook may be revised to 'Positive' if the company demonstrates substantial and sustained growth in its revenues from the current levels while maintaining its margins. Conversely, the outlook may be revised to 'Negative' in case the company registers lower than expected growth in revenues and profitability or deterioration in its working capital management or larger-than-expected debt funded capex leading to deterioration in its financial risk profile and liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	87.10	81.42
PAT	Rs. Cr.	1.68	1.25
PAT Margin	(%)	1.92	1.54
Total Debt/Tangible Net Worth	Times	0.71	0.45
PBDIT/Interest	Times	3.71	3.99

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Sep 2023	Term Loan	Long Term	1.60	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Working Capital Term Loan	Long Term	0.05	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Term Loan	Long Term	1.37	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Cash Credit	Long Term	15.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Term Loan	Long Term	4.51	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Working Capital Term Loan	Long Term	1.72	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Secured Overdraft	Long Term	1.66	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Proposed Long Term Bank Facility	Long Term	4.69	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
06 Jun 2022	Term Loan	Long Term	1.60	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Working Capital Term Loan	Long Term	0.05	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	1.37	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	15.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	4.51	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Working Capital Term Loan	Long Term	1.72	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Secured Overdraft	Long Term	1.66	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	4.69	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
10 Mar 2021	Proposed Long Term Bank Facility	Long Term	9.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
	Proposed Long Term Loan	Long Term	1.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
	Proposed Long Term Loan	Long Term	7.20	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	4.60	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
	Term Loan	Long Term	3.50	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	1.30	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Loan	Long Term	4.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
CITI Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.69	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.17	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Mar 2028	1.37	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Mar 2028	1.60	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Small Industries Development Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Feb 2027	0.05	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Small Industries Development Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Feb 2027	1.72	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)

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About Acuité Ratings & Research

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