

August 29, 2025

MPlastics Toys And Engineering Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Term loans	105.00	105.00	[ICRA]BBB+ (Stable); reaffirmed
Long-term fund based – Sublimit	(30.00)	(30.00)	[ICRA]BBB+ (Stable); reaffirmed
Long-term non fund based – Sublimit	(45.00)	(45.00)	[ICRA]BBB+ (Stable); reaffirmed
Long-term fund based – Sublimit	(45.00)	(45.00)	[ICRA]BBB+ (Stable); reaffirmed
Long-term non fund based – Sublimit	(20.00)	(20.00)	[ICRA]BBB+ (Stable); reaffirmed
Short-term fund based	60.00	60.00	[ICRA]A2; reaffirmed
Short-term fund based – Sublimit	(60.00)	(60.00)	[ICRA]A2; reaffirmed
Short-term non fund based	20.00	20.00	[ICRA]A2; reaffirmed
Short-term non fund based – Sublimit	(30.00)	(30.00)	[ICRA]A2; reaffirmed
Total	185.00	185.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has taken a consolidated view of Micro Plastics Private Limited (MPPL/the company) and MPlastics Toys and Engineering Private Limited (MTEPL) given that MTEPL is a 100% subsidiary of MPPL, and also considering the strong operational and financial linkages between the entities. Both companies are engaged in the similar business of manufacturing branded toys (69% of consolidated revenues) and other plastic-injection products for various industries.

The reaffirmation of the ratings reflects the expectation of sustained improvement in the company's operating income in FY2025, and improvement in operating margins over the medium term. The ratings remain supported by MPPL's established market position as amongst the largest contract manufacturers and exporters of branded toys and model hobby kits from India, and its strong customer base. MPPL's clientele includes several leading global players in the toy industry and the company has received repeat orders and new product orders from customers regularly over the years.

Globally, toy companies witnessed subdued demand in FY2023 and FY2024 because of gloomy macro-economic conditions and its consequent impact on discretionary spending. However, the demand improved in FY2025 which, coupled with incremental capacities available at MTEPL's new facility, supported the growth in MPPL's consolidated operating income by 50.1% to Rs. 566.6 crore in FY2025. While the consolidated operating margins improved to 6.1% in FY2025 (FY2024 – 4.3%), the margins continued to be constrained by limited pricing flexibility, incomplete pass-through of cost escalations, and sub-optimal capacity utilisation at the new facility. However, with price revisions secured in Q4 FY2025, discontinuation of some weaker-margin businesses, and improvement in capacity utilisation, there was further margin improvement in Q1 FY2026, with OPM at 8.7%. While its margins are expected to improve, going forward, with cost optimisation initiatives and volume ramp-up, the extent of improvement remains to be seen in the light of competitive pressures and anticipated increase in proportion of revenues from the lower-margin, non-toy segment.

ICRA also notes that the company's business prospects remain vulnerable to the recent developments in tariffs on goods imported into the US, given that around 30% of its revenues is derived from exports to the US market. ICRA would continue to monitor developments on this front, including India's competitive positioning vis-à-vis other toy exporting nations and resultant impact on underlying demand, as well as MPPL's ability to adequately pass on the increased costs to its customers.

Net losses incurred over the last three years and debt-funded capex continue to constrain the debt metrics with interest coverage at 1.1x in FY2025, and total outside liabilities (TOL)/tangible net worth (TNW) at 4.8x as of March 31, 2025. While the debt service coverage ratio (DSCR) was 0.7x in FY2025, the adequate liquidity in the form of free cash and liquid investments of Rs. 80.5 crore as on March 31, 2025, and undrawn working capital lines of Rs. 28 crore as on March 31, 2025, provide comfort. Moreover, the presence of reputed private equity investors (ADV Partners and Premji Invest) holding 95% stake in the company provide comfort regarding the company's ability to raise funds in case of any requirements.

The Stable outlook on the long-term rating reflects ICRA's expectations of MPPL sustain an improvement in operating performance, going forward, with scale-up in revenues and improvement in earnings, supporting a gradual reduction in debt and improvement in credit metrics.

Key rating drivers and their description

Credit strengths

Established market presence with customer profile of leading players in the industry – MPPL is amongst the country's largest contract manufacturers and exporters of branded toys and model hobby kits. It derived 69% of its revenues from the toy segment in FY2025 and its customer base includes several leading global players from the toy industry. The company has received repeat orders and made periodic customer additions over the years. MPPL is expected to add more customers following the recent capacity expansion and global players' move to diversify their supplier base.

Significant improvement in revenues in FY2025 – The company reported revenues of Rs. 566.6 crore in FY2025 and YoY growth of 50.1% aided by demand improvement and the availability of capacity at its Hosur (Tamil Nadu) plant. The momentum continued in Q1 FY2026, with the company reporting revenues of Rs. 131.0 crore. Despite evolving headwinds from US tariffs, the company's established relationships with customers and comfortable order book position are expected to support its revenues in FY2026.

Increasing proportion of revenues anticipated from the non-toys segment, going forward – Historically, the company has derived 70-80% of its revenues from the toys segment. In order to reduce dependence on the segment, MPPL has expanded its presence into non-toys through supplies to industries such as automotive, electricals, sports equipment, and power tools among others. It also expects to increase the proportion further over the medium term. The same would reduce the company's susceptibility of revenues to demand slowdown in the toys segment and its exposure to global demand dynamics for its products. Further, the new products do not exhibit seasonality in demand. Also, higher volumes from the incremental orders would help improve the capacity utilisation and result in better operating leverage.

Credit challenges

Challenging demand environment in the near term; but prospects remain healthy over medium term – Globally, toy companies witnessed subdued demand in FY2023 and FY2024 because of gloomy macro-economic conditions and its consequent impact on discretionary spending. Although the demand improved in FY2025, the recent developments with tariffs on goods imported into the US could potentially impact underlying demand and profitability, particularly if the company is unable to adequately pass on the increased costs, or if faced with deferment or cancellation of orders given cheaper alternatives from other countries due to a tariff differential. Around 30% of the consolidated revenues of the company is derived from exports to the US, which remain vulnerable to the developments on this front. Besides, the company's plans to meaningfully penetrate segments other than toys and other geographies is likely to support revenues, going forward.

Moderate debt metrics; expected to improve going forward with better accruals – The consolidated operating margins improved to 6.1% in FY2025 (FY2024 – 4.3%), the margins continued to be constrained by limited pricing flexibility, incomplete pass-through of cost escalations, and sub-optimal capacity utilisation at the new facility. However, with price revisions secured in Q4 FY2025, discontinuation of some weaker-margin businesses, and improvement in capacity utilisation, there was further margin improvement in Q1 FY2026, with OPM at 8.7%. While its margins are expected to improve, going forward, with cost-optimisation initiatives and volume ramp-up, the extent of improvement remains to be seen in the light of competitive pressures and anticipated increase in proportion of revenues from the lower-margin, non-toy segment. Net losses incurred over the last three years and debt-funded capex continue to constrain the debt metrics with interest coverage at 1.1x in FY2025, and TOL/TNW at 4.8x as of March 31, 2025. While the DSCR was 0.7x in FY2025, the adequate liquidity in the form of free cash and liquid investments of Rs. 80.5 crore as on March 31, 2025, and undrawn working capital lines of Rs. 28 crore as on March 31, 2025, provide comfort. The credit metrics are expected to remain moderate over the near term and gradually improve with margin improvement over the medium term.

Revenues exposed to customer concentration risks – MPPL derives more than 50% of its revenues from its top three customers, resulting in significant customer concentration risk. Accordingly, the company’s performance is susceptible to loss of customers or their under-performance. Further, MPPL faces competition from Chinese players, who are significantly larger than the company in scale. Moreover, its revenues are vulnerable to the availability of alternatives. Its demonstrated ability to add new customers and measures to enhance penetration into end-user segments other than toys, however, mitigate the risk to an extent.

Liquidity position: Adequate

MPPL’s liquidity is adequate, supported by consolidated cash and bank balances of Rs. 80.5 crore and undrawn working capital lines of Rs. 28 crore against the sanctioned working capital facilities as on March 31, 2025. Against this, its debt repayment obligation is Rs. 33.5 crore in FY2026, Rs. 29.9 crore in FY2027 and Rs. 24.2 crore in FY2028 on existing loans. Its capex requirements are moderate at Rs. 6-7 crore annually. Further, the presence of private equity investors (Premji Invest Limited and ADV Partners) enhances its financial flexibility.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company is able to considerably scale up its revenues, while improving operating profitability, thereby supporting credit metrics and liquidity profile. Specific credit metrics that could lead to an upgrade include DSCR of more than 1.8 times on a sustained basis.

Negative factors – Pressure on MPPL’s ratings could arise in the absence of material improvement in earnings, leading to weakening of debt coverage metrics and liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company.

About the company

MPPL is a contract manufacturer and exporter of branded toys and model hobby kits. It exports to the US, Hong Kong and the UK, among others. It derives around 69% of its revenues from the toy segment and its clientele includes several leading global

players from the toy industry. In addition, the company manufactures plastic injection components, tooling and sub-assemblies for automotive, sports equipment, power tools, appliances, electricals, electronics, telecoms and heavy engineering sectors. The company has a wholly-owned subsidiary, MTEPL, which is also engaged in the same business. MPPL's manufacturing plants are in Anekal and Harohalli Industrial Area, Karnataka, while MTEPL's unit is in Hosur, Tamil Nadu. As on March 31, 2025, ADV Partners (through Pinnacle Ace Investment Holdings Pte Limited) and Premji Invest Limited (through PI Opportunities Fund) held a 64.94% and a 30.56% stake, respectively, in the company (on a fully diluted basis), while the remaining stakes were held by Mr. Vijendra Babu, the company's founder.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income	377.5	566.6
PAT	-33.8	-20.3
OPBDIT/OI	4.3%	6.1%
PAT/OI	-9.0%	-3.6%
Total outside liabilities/Tangible net worth (times)	3.2	4.8
Total debt/OPBDIT (times)	18.4	11.7
Interest coverage (times)	0.6	1.1

Source: Company, ICRA Research; * Provisional; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years						
			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	Aug 29, 2025	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	105.00	[ICRA]BBB+ (Stable)	May 08, 2024	[ICRA]BBB+ (Stable)	Jun 08, 2023	[ICRA]BBB+ (Stable)	Nov 25, 2022	[ICRA]BBB+ (Stable)
Fund based – Sublimit	Long-term	(30.00)	[ICRA]BBB+ (Stable)	May 08, 2024	[ICRA]BBB+ (Stable)	Jun 08, 2023	[ICRA]BBB+ (Stable)	Nov 25, 2022	[ICRA]BBB+ (Stable)
Non fund based – Sublimit	Long-term	(45.00)	[ICRA]BBB+ (Stable)	May 08, 2024	[ICRA]BBB+ (Stable)	Jun 08, 2023	[ICRA]BBB+ (Stable)	Nov 25, 2022	[ICRA]BBB+ (Stable)
Fund based – Sublimit	Long-term	(45.00)	[ICRA]BBB+ (Stable)	May 08, 2024	[ICRA]BBB+ (Stable)	Jun 08, 2023	[ICRA]BBB+ (Stable)	Nov 25, 2022	[ICRA]BBB+ (Stable)
Non fund based – Sublimit	Long-term	(20.00)	[ICRA]BBB+ (Stable)	May 08, 2024	[ICRA]BBB+ (Stable)	Jun 08, 2023	[ICRA]BBB+ (Stable)	Nov 25, 2022	[ICRA]BBB+ (Stable)
Fund based	Short-term	60.00	[ICRA]A2	May 08, 2024	[ICRA]A2	Jun 08, 2023	[ICRA]A2	Nov 25, 2022	[ICRA]A2
Fund based – Sublimit	Short-term	(60.00)	[ICRA]A2	May 08, 2024	[ICRA]A2	Jun 08, 2023	[ICRA]A2	Nov 25, 2022	[ICRA]A2
Non fund based	Short-term	20.00	[ICRA]A2	May 08, 2024	[ICRA]A2	Jun 08, 2023	[ICRA]A2	Nov 25, 2022	[ICRA]A2
Non fund based	Short-term	(30.00)	[ICRA]A2	May 08, 2024	[ICRA]A2	Jun 08, 2023	[ICRA]A2	Nov 25, 2022	[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Term loans	Simple
Long-term fund based – Sublimit	Simple
Long term non fund based - Sublimit	Very Simple
Long-term fund based – Sublimit	Simple
Long term non fund based – Sublimit	Very Simple
Short-term fund based	Simple
short-term fund based – Sublimit	Simple
short term non fund based	Very Simple
short term non fund based – sublimit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	FY2023	8-9%	FY2029	105.00	[ICRA]BBB+ (Stable)
NA	FCTL - Sublimit of term loans	NA	NA	NA	(30.00)	[ICRA]BBB+ (Stable)
NA	Capex LC - Sublimit of term loans	NA	NA	NA	(45.00)	[ICRA]BBB+ (Stable)
NA	CC - Sublimit of EPC/PCFC	NA	NA	NA	(45.00)	[ICRA]BBB+ (Stable)
NA	BG - Sublimit of LC	NA	NA	NA	(20.00)	[ICRA]BBB+ (Stable)
NA	EPC/PCFC	NA	NA	NA	60.00	[ICRA]A2
NA	Post shipment credit/WCDL - Sublimit of EPC/PCFC	NA	NA	NA	(60.00)	[ICRA]A2
NA	LC	NA	NA	NA	20.00	[ICRA]A2
NA	LC - Sublimit of EPC/PCFC	NA	NA	NA	(30.00)	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Micro Plastics Private Limited	NA	Full Consolidation
MPlastics Toys And Engineering Private Limited	100.00%	Full Consolidation

Source: Company

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