August 18, 2025

Parksons Packaging Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based term loan	90.85	97.50	[ICRA]AA- (Stable); reaffirmed
Long-term/short-term fund-based cash credit	35.50	35.50	[ICRA]AA- (Stable)/ [ICRA]A1+; reaffirmed
Short-term- Non-fund based letter of credit	12.00	12.00	[ICRA]A1+; reaffirmed
Long-term/short-term - Unallocated limits	6.65	0.00	-
Short-term – Interchangeable limits	(5.00)	(5.00)	[ICRA]A1+; reaffirmed
Total	**145.00**	**145.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings reaffirmation favourably factors in the established track record of the promoters, large scale of operations, strong financial flexibility and strong business position of Parksons Packaging Limited (PPL) in the domestic packaging materials business, along with a diversified as well as a reputed customer base and geographical presence across India. The company caters to a wide range of industries like food and beverages, home and personal care, pharmaceuticals, health and hygiene and industrials. Parksons is further widening its presence by entering into value added segments such as packaging for white goods, liquids, and electronics manufacturing services (EMS), while also expanding its export business. The ratings also factor in the favourable long-term growth outlook for the packaging industry on the back of increasing demand prospects from fast moving consumer goods (FMCG), food and beverage, electricals, pharmaceuticals, e-commerce and other consumer industries for packaging products, and increasing premiumisation, which supports large, organised players like PPL.

PPL's financial risk profile moderated in FY2025 primarily due to operating deleverage arising from moderate growth in revenue and volume on the back of subdued consumer demand from end user industries, due to slowdown especially in urban market. This coupled with lower absorption of fixed cost and lower capacity utilisation impacted the operating profit margin in FY2025. The same is, however, expected to improve as the company ramps up the capacity utilisation, led by entry into new product segments as well as improvement in demand in the conventional business segments. The packaging business is also capital intensive in nature, which necessitates regular capex to support the growth plans. Hence, judicious funding of capex or any future acquisition, coupled with efficient working capital management, which keeps debt at prudent level, will remain a key rating sensitivity on an ongoing basis. The ratings are also constrained by the company's presence in the highly competitive packaging business.

The Stable outlook reflects ICRA's expectations that PPL's revenues and OPM will improve over the next two years, led by the ramp-up in capacity with entry into new premium segments and resulting in the benefits of operating leverage. This coupled with limited capital expenditure (capex) outgo, will lead to an improvement in debt coverage indicators.

Key rating drivers and their description

Credit strengths

Established track record of promoters and PPL's strong business position in the organised domestic packaging industry – PPL, established in 1996, is one of the largest paperboard packaging companies in the organised domestic packaging industry. PPL holds a strong business position in the domestic market, especially in the FMCG segment. Further, the erstwhile promoters (who continue to be in the business) have experience of more than two decades in the printing and packaging segment. Moreover, the company enjoys high financial flexibility as it is majority owned by global private equity firm, Warburg Pincus, through its affiliate, Green Fin Investments B.V., and as reflected in demonstrated commitment of equity infusions since acquisition by Warburg Pincus India Private Limited.

Diversified product and customer portfolios; benefits from established relationships with reputed customers and diversified geographical presence – The company caters to a wide range of industries, including food and beverages, home and personal care, pharmaceuticals, health and hygiene and industrials with moderate segment concentration. PPL also aims to broaden its customer base by expanding into higher value-added segments such as white goods, liquid packaging, EMS among others. The company has been able to cater to domestic demand and has also been increasing its presence in the exports market through its 12 manufacturing units spread across the country. MK Printpack Private Limited, which was acquired in FY2023 by PPL, was amalgamated with PPL in FY2025 and ceases to exist as a separate legal entity.

Favourable demand for packaging industry augurs well for growth – Paper packaging is used in various industries and applications. The long-term outlook for the industry remains healthy on the back of increase in economic activities, coupled with increasing penetration of specialised and conventional packaging in sectors like FMCG, healthcare, e-commerce, pharma and consumer industries.

Credit challenges

Moderation in financial risk profile – The company witnessed moderate revenue growth over the past two financial years, led by subdued consumer demand and lower capacity utilisation. Further, de-cartonisation in the alcohol beverage industry also impacted the top line to an extent in FY2024 and FY2025 over FY2023. Moderate revenue growth, coupled with lower absorption of fixed cost and lower capacity utilisation impacted the operating profit margin in FY2025, resulting in moderation of its debt protection metrics. However, the revenue growth and operating margins are expected to improve going forward, as the company ramps up the capacity utilisation, supported by PPL's entry into premium segments. Besides, ICRA notes that as the capex cycle is completed and the demand cycle is expected to improve. Going forward, capex intensity is expected to moderate, which coupled with the benefits of operating leverage, will lead to improvement in debt protection metrics.

Capital intensive nature of business, necessitating regular capex requirements – The packaging business is capital intensive in nature, which is mandated to support its growth plans. The company has been in capex phase for capacity expansion over the last two to three years. Though the capex has enabled PPL to expand its capacity, PPL's ability to scale up and garner commensurate returns will remain critical for improving its credit metrics, going forward. The capex intensity is expected to be lower in coming years for the company.

Intense competitive pressure – The business environment remains competitive, given the highly fragmented industry structure for the packaging industry. However, PPL's pan India presence, long established relationship with clients and new product development should support the business.

Liquidity position: Adequate

PPL's liquidity position is adequate, driven by the buffer available in working capital limits as of April 2025 and moderate bank utilisation over the last 15 months. On a consolidated level, the company's repayment obligations over FY2026 and FY2027, are likely to be adequately funded by the expected cash flows. The capex requirement over FY2026 and FY2027 is expected to be funded by a mix of debt and internal accruals. ICRA also notes that Warburg Pincus, being the current principal promoter, has provided need-based support through equity infusions, whenever needed, especially for acquisitions, and is expected to continue, supporting the liquidity profile.

Rating sensitivities

Positive factors – ICRA could upgrade PPL's long-term rating if it demonstrates a significant ramp-up in scale of operations and improvement in profitability, leading to healthy cash accruals as well as improvement in liquidity.

Negative factors – Pressure on PPL's ratings will arise if there is a notable decline in its scale of operations and operating profitability, resulting in a sharp decline in cash accruals. In addition, elongation in the working capital cycle or large debt-funded capex or material acquisitions, impacting the coverage indicators and the liquidity profile, will also be a credit negative. A specific credit metric that could lead to ratings downgrade include weakening of total debt vis-a-vis the operating profits before interest tax, depreciation and amortisation (going forward) to more than 1.5 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Parksons Packaging Limited. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

Parksons Packaging Ltd. (PPL) was incorporated in April 1996 as a private limited company by the Kejriwal family. PPL was converted into a limited company in September 2000. PPL is promoted by Mr. Ramesh Kejriwal. The company manufactures packaging folded cartons made of paper boards through its 12 manufacturing plants across India. The Parksons Group has more than 60 years of experience in the printing and packaging industry. The company started as an offset commercial printer and playing cards manufacturer with expertise in high quality print production. PPL is an end-to-end solution provider in the space and is one of the leading paper-based packaging entities in India and among a select few players that offer solutions from the conceptualising stage to final value-added product delivery.

Green Fin Investments B.V., a company incorporated under the laws of The Netherlands, invested (an affiliate of Warburg Pincus) in Parksons in April 2021 and holds an 85% stake in Parksons Packaging Limited with the remaining stake held by the founding promoters.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income	-	-
PAT	-	-
OPBDIT/OI	-	-
PAT/OI	-	-
Total outside liabilities/Tangible net worth (times)	0.9	0.9
Total debt/OPBDIT (times)	-	-
Interest coverage (times)	5.8	3.9

*Source: Company, ICRA Research; * Provisional numbers; 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 rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	Aug 18, 2025	Date	Rating	Date	Rating	Date	Rating
Fund Based-Cash Credit	Long Tem/ Short Term	35.50	[ICRA]AA- (Stable)/ [ICRA]A1+	May 07, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-	-	-
Unallocated-Unallocated	Long Tem/ Short Term	-	-	May 07, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-	-	-
Fund Based-Term Loan	Long Term	97.50	[ICRA]AA- (Stable)	May 07, 2024	[ICRA]AA- (Stable)	-	-	-	-
Non Fund Based-Letter of Credit	Short Term	12.00	[ICRA]A1+	May 07, 2024	[ICRA]A1+	-	-	-	-
Interchangeable-Others	Short Term	5.00	[ICRA]A1+	May 07, 2024	[ICRA]A1+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term –Fund-based Term Loan	Simple
Long-term/ short term fund-based cash credit	Simple
Short-term- Non-Fund Based Letter of credit	Very Simple
Short term – Interchangeable limits	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 loan I**	FY2019	NA	FY2026	1.14	[ICRA]AA-(Stable)
NA	**Term loan II**	FY2022	NA	FY2027	13.50	[ICRA]AA-(Stable)
NA	**Term loan III**	FY2024	NA	FY2029	57.86	[ICRA]AA-(Stable)
NA	**Term loan IV**	FY2025	NA	FY2030	25.00	[ICRA]AA-(Stable)
NA	**Cash credit***	NA	NA	NA	7.50	[ICRA] AA-(stable)/ [ICRA]A1+
NA	**Cash credit^**	NA	NA	NA	28.00	[ICRA] AA-(stable)/ [ICRA]A1+
NA	**Letter of credit#**	NA	NA	NA	12.00	[ICRA] A1+
NA	**Interchangeable limits**	NA	NA	NA	(5.0)	[ICRA]A1+

** Interchangeable with Non Fund based Working Capital Facility up to Rs. 5 crore*
^ Interchangeability up to Rs.8 crore from fund based to non-fund based limits
 # Full one-way Interchangeability from non-fund based limits to fund-based limits

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	PPL Ownership	Consolidation Approach
Parksons Packaging Tanzania Ltd	81.76%	Full Consolidation
Terra One Packaging Private Limited	100%	Full Consolidation
Parksons Packaging CSR foundation	99.98%	Full Consolidation
Parkson Packaging B.V.	100%	Full Consolidation

M.K. Printpack Private Limited has been amalgamated with PPL in FY2025

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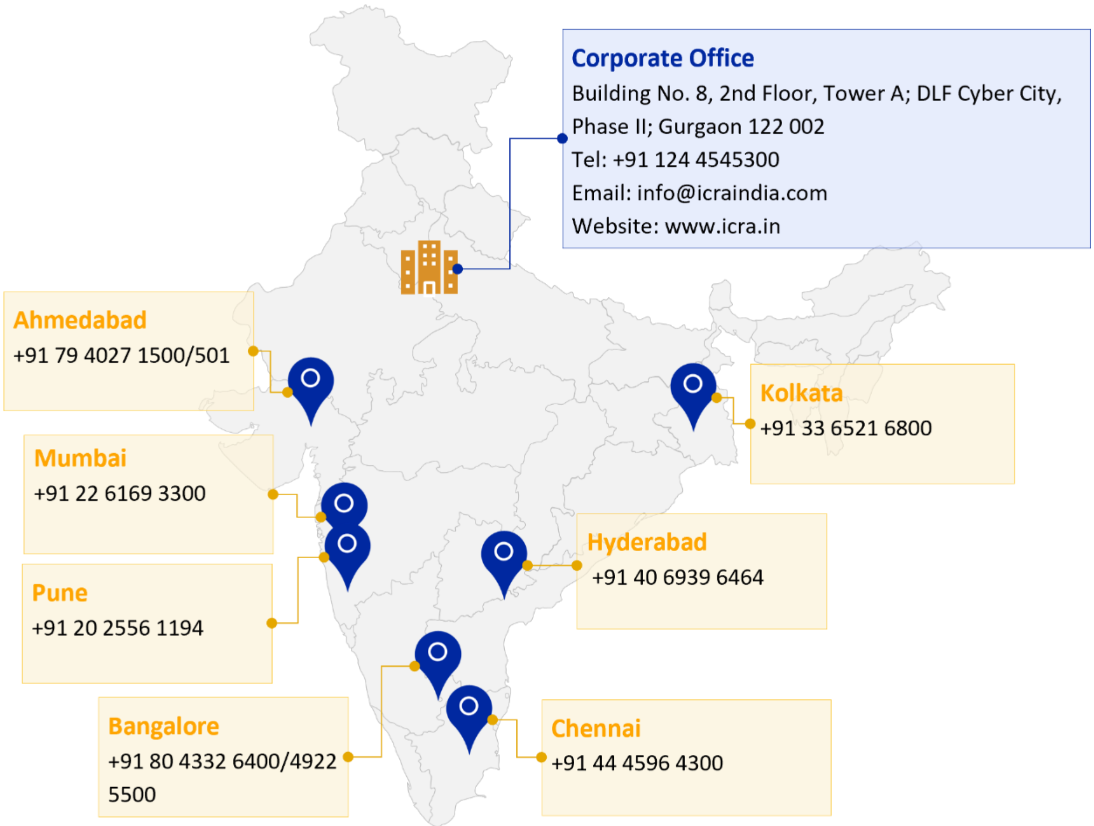

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