

August 27, 2025

TCPL Packaging Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term loan	10.00	10.00	[ICRA]A (Stable); reaffirmed
Total	10.00	10.00	

*Instrument details are provided in Annexure-I

Rationale

The reaffirmation of TCPL Packaging Limited's (TCPL) rating considers the company's expected steady financial performance in the near-to-medium term, driven by stable demand and the company's continued focus on higher margin products. The rating remains supported by the long track record of promoters in the packaging materials business, its growing and large scale of operations, diversified industries serviced by the company as well as its reputed customer base. TCPL's financial profile remains supported by its improving operating profit margins and stable debt protection metrics with an interest coverage of 5.2 times and Total Debt/OPBITDA of 2.2 times as on March 31, 2025. While the company caters to a wide range of industries, it has sizeable exposure to tobacco, fast-moving consumer goods (FMCG) and food and beverages (F&B) industries. The company's revenue rose by 15% on a year-on-year (YoY) basis in FY2025, mainly due to robust export sales in the tobacco segment. Additionally, its operating margins increased to 17.2% in FY2025 from 16.7% in FY2024, supported by a higher proportion of value-added product sales and cost optimisation measures. The rating also notes the favourable long-term growth outlook for the packaging industry on the back of increasing demand prospects from FMCG, F&B, pharmaceuticals, e-commerce and other consumer industries for packaging products.

The rating, however, remains constrained by TCPL's presence in the highly competitive packaging business, which is characterised by the fragmented nature of the industry and a large number of unorganised players in the field. The rating also factors in TCPL's capital intensive nature of business, given its regular debt requirement and high working capital needs, which led to high utilisation of working capital limits. Judicious capex funding and efficient working capital management to keep the liquidity requirements at manageable levels will remain key rating sensitivities on an ongoing basis.

The Stable outlook reflects ICRA's expectations that TCPL's credit profile will remain supported by its stable revenues and earnings. This coupled with limited capital expenditure (capex) outgo, will support stability in the debt coverage indicators.

Key rating drivers and their description

Credit strengths

Established track record of promoters and TCPL's sizeable presence in the organised domestic packaging industry – TCPL, established in 1987, is one of the largest paperboard packaging companies in the organised domestic packaging industry with revenues of Rs. 1,772 crore in FY2025. The promoters of TCPL have a long and established track record of more than three decades in the paperboard packaging industry.

Wide range of target industries; benefits from established relationships with reputed customers – The company caters to a wide range of industries, including FMCG, tobacco and liquor, among others. The sales concentration towards the top three industries (FMCG, tobacco and F&B) remains very high. While this signifies high sectoral concentration, the same is mitigated to an extent by the company's long-term association with its customers as well as its reputed client base. Foray into the flexible packaging segment from February 2017 has further enabled client diversification.

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

Large scale of operations and satisfactory financial profile – The company has a large scale of operations and achieved revenues of Rs. 1,772 crore in FY2025, a YoY growth of 14.5%. Going forward, the revenue growth is expected to be driven by higher volumes through recent addition in the installed capacity amid a stable demand and diversified product profile of the company. Further, the company's financial profile remains satisfactory, supported by its margins, which improved to 17.2% in FY2025 from 16.7% in FY2024 owing to higher sales of value-added products and cost optimisation initiatives undertaken by the company. Moreover, the debt protection metrics also remained stable with an interest coverage of 5.2 times (4.6 times as on March 31, 2024) and total Debt vis-à-vis the operating profit before depreciation, interest, tax and amortisation (OPBDITA) of 2.2 times (2.1 times as on March 31, 2024) as on March 31, 2025.

Credit challenges

Capital intensive nature of business, necessitating regular debt-funded capex – Although the capital structure and coverage indicators have improved in FY2025, these are expected to remain range bound in the near-to-medium term, given its debt-funded expansion plans to support growth. Though the capex will aid in capacity enhancement and improvement in efficiency, TCPL's ability to scale up and garner commensurate returns from its planned capex will remain critical for improving its coverage metrics, going forward.

High utilisation of working capital due to the nature of business – The company's working capital utilisation stood high at 89% of its drawing power for the last 14 months ending in May 2025 due to its working capital-intensive nature of business, constraining the liquidity position of the company. The company's net working capital intensity (net working capital vis-à-vis operating income) also increased to 25.8% as on March 31, 2025, from 22.9% in FY2024 owing to higher debtor days, reflecting stretch in payments from certain customers. Given the steady rise in the top line and anticipated increase in the near-to-medium term (given the capacity addition), the working capital requirement is expected to remain at an elevated level and would entail regular enhancement in limits to support growth.

Intense competition from both organised and unorganised players – The business environment remains competitive, given the fragmented and unorganised industry structure for the packaging industry. A large portion of the paperboard packaging industry's requirement is serviced by unorganised players, which cater to the small-scale needs of clients across various industries. The balance is dominated by a few major established players. This limits the company's pricing flexibility, to an extent.

Environmental and Social Risks

Environmental considerations: The packaging industry faces significant risks due to increasing environmental regulations, rising expectations for sustainable practices, and the growing need to manage waste and resource consumption responsibly. Adapting to these requirements often entails substantial investments in technology, process upgrades, and compliance measures, leading to elevated operational costs for companies within the sector.

Social considerations: The packaging industry faces a range of social risks, including concerns related to employee health and safety, the potential for industrial accidents, and the need to address evolving consumer expectations. Social risks may also arise from inadequate training for workers, insufficient attention to safe workplace practices, and failure to keep pace with changing consumer preferences and satisfaction levels. These factors, if not managed properly, can impact industry reputation and long-term customer relationships. Further, any significant wage rates adversely impacting the cost structure of the company can impact their margin. TCPL is also exposed to the shortage of a skilled workforce as well, which can impact operations.

Liquidity position: Adequate

TCPL's liquidity is adequate with cushion in fund flow from operations (expected in the range of Rs. 200-250 crore in FY2026) vis-à-vis its debt repayment obligations (Rs. 65-80 crore per annum) and cash balance of Rs. 19.4 crore as on March 31, 2025. Even though its capex requirements are high in the range of Rs. 120-130 crore in FY2026, the same would be largely funded by debt and the remaining from internal accruals. Its working capital limits were utilised to the extent of ~89% of its drawing power over the last 14 months ending in May 2025.

Rating sensitivities

Positive factors – ICRA could upgrade TCPL's rating if the company demonstrates a sustained improvement in its liquidity position, supported by healthy cash flow and prudent working capital management. Additionally, a steady increase in its scale of operations and profitability, resulting in improvement in debt protection metrics on a sustained basis, would be considered positively for a rating upgrade.

Negative factors – Pressure on TCPL's rating could arise if there is a notable decline in its scale of operations along with moderation in profitability, weakening its cash flows. A stretch in the working capital cycle or high debt-funded capex, impacting the coverage indicators and liquidity profile materially, could also be a negative rating trigger. Specific credit metrics that could result in a rating downgrade will be Total Debt/ OPBDITA above 2.3 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 TCPL Packaging Limited. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

Incorporated as Twenty-First Century Printers Limited (TCPL) in August 1987, this entity is promoted by the Kanoria family and had commenced operations by manufacturing packaging materials, mainly printed blanks used in the cigarette industry, using a gravure printing press installed at Silvassa (Dadra and Nagar Haveli). The company changed its name to TCPL Packaging Limited in 2008. At present, the company manufactures packaging materials, based on gravure and offset printing technologies. The company has also forayed into flexible packaging segment from February 2017. The end products find application in a wide range of industries such as FMCG, cigarettes, liquor, pharmaceuticals, pesticides, stationery, food products etc. The company has 18 printing lines spread across Silvassa, Haridwar, Ponda (Goa), Chennai and Guwahati, as on March 31, 2025.

The company acquired a 100% stake in Accura Technik Private Limited (ATPL) on May 6, 2025. ATPL manufactures engraved cylinders and other components. TCPL sources gravure cylinders from the market at present. ATPL's facility will support TCPL's internal requirements and will also serve the broader industry with high-quality cylinders and generate additional revenue for the company.

Key financial indicators (audited)

TCPL (Consolidated)	FY2024	FY2025	Q1 FY2026*
Operating income	1,547.4	1,772.5	424.4
PAT	99.4	143.0	22.3
OPBDIT/OI	16.7%	17.2%	17.1%
PAT/OI	6.4%	8.1%	5.3%
Total outside liabilities/Tangible net worth (times)	1.5	1.5	-
Total debt/OPBDIT (times)	2.0	2.1	-
Interest coverage (times)	4.6	5.2	2.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation, *limited review

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 27, 2025	Date & rating in FY2025		Date & rating in FY2024		Date & rating in FY2023		
				Date	Ratings	Date	Ratings	Date	Ratings	
1 Term loans	Long term	10.0	[ICRA]A (Stable)	May 27, 2024	[ICRA]A (Stable)	-	-	Feb 27, 2023	[ICRA]A (Stable)	

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	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	FY2023	NA	FY2029	10.00	[ICRA]A(Stable)

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
TCPL Middle East FZE	100.00%	Full Consolidation
Creative Offset Printers Pvt Ltd	100.00%	Full Consolidation

Source: Annual report, *As on March 31, 2025

TCPL Innofilms Private Limited has been amalgamated with TCPL Packaging Limited

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Sakshi Suneja

+91 22 6169 3345

sakshi.suneja@icraindia.com

Karan Gupta

+91 22 6114 3457

Karan.gupta@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6:00 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



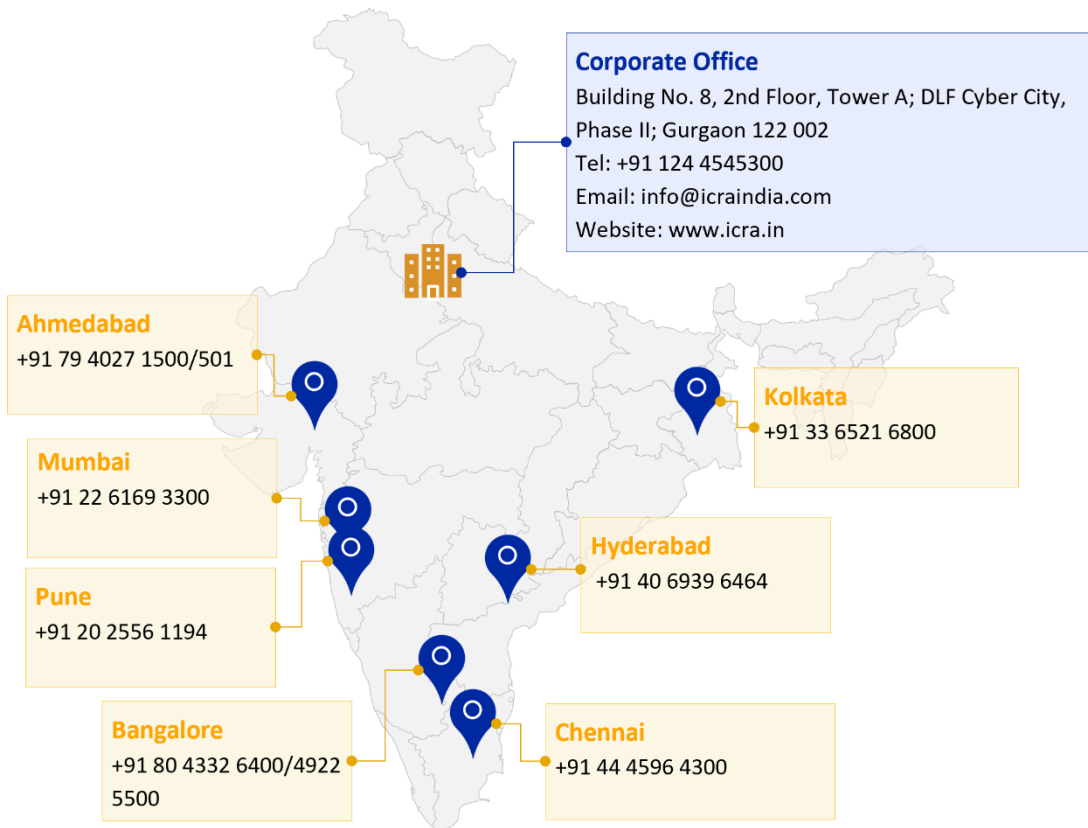
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.