

May 05, 2026

Rathna Packaging India Private Limited: Ratings reaffirmed; outlook revised to Stable; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	58.12	77.93	[ICRA]BBB (Stable); Reaffirmed with change in outlook to Stable from Negative; assigned for enhanced limits
Short-term – Fund-based – Export packing credit	10.00	10.00	[ICRA]A3+; Reaffirmed
Long-term – Fund-based – Working capital demand loan	20.00	40.00	[ICRA]BBB (Stable); Reaffirmed with change in outlook to Stable from Negative; assigned for enhanced limits
Long-term – Fund-based – Cash credit	94.00	74.00	[ICRA]BBB (Stable); Reaffirmed with change in outlook to Stable from Negative
Long-term – Unallocated limits – Unallocated limits	0.00	18.07	[ICRA]BBB (Stable); Assigned
Total	182.12	220.00	

*Instrument details are provided in Annexure-II

Rationale

The revision in the outlook on the long-term rating of Rathna Packaging India Private Limited (RPPL) from Negative to Stable factors in the gradual recovery in the company's credit profile in FY2026, which is expected to sustain going forward. The company has demonstrated a notable improvement in operating profit margins (OPM), which has supported improvement in leverage metrics as well, although the debt levels are likely to remain high in FY2027, considering the ongoing debt-funded capital expenditure (capex), benefits of which are likely to accrue over the medium term.

The ratings reaffirmation for RPPL factors in its established presence in the flexible packing industry, with promoters having over two decades of experience in the sector and established relationships with reputed clientele, which support its business prospects. With the acquisition of Sysco Industries Limited (Sysco) through the National Company Law Tribunal (NCLT) in FY2023, and subsequent capacity enhancement and improvements undertaken at Sysco's facility in Surat, RPPL is well positioned to cater to additional business requirements, both from existing clients as well as improved export prospects, considering the proximity of Sysco's manufacturing facilities to the port. While there was a fire incident at Sysco's facility in Q4 FY2025, which temporarily disrupted operations and resulted in revenue loss of Rs. 20-25 crore in Q1 FY2026, as well as damage to assets worth approximately Rs. 18 crore, ICRA notes that the company has been able to recover a major part of this through insurance proceeds of Rs. 13.5 crore. Going forward, with the normalisation of operations at Surat and the investment in new imported machinery expected to enhance product quality and yield efficiency, its revenue and margin expansion prospects remain healthy. Accordingly, ICRA anticipates that RPPL will maintain a steady revenue growth of 5-10% and OPM close to 10%, although the impact of crude price fluctuations on profitability continues to be monitorable.

ICRA also notes that RPPL's debt has increased in the recent years on account of Sysco's acquisition as well as ongoing capex and working capital requirements which, coupled with a minimal increase in the operating profits, impacted its leverage metrics in FY2024 and FY2025. However, in FY2026, profitability improved on the back of conscious measures undertaken by the management, both on pricing as well as costs, which supported improvement in debt coverage metrics despite elevated debt levels (DSCR FY2026: 1.7 times; FY2025: 1.3 times). With the debt-funded capex largely completed and benefits of the capex to accrue over coming years, ICRA expects the leverage metrics to further improve gradually over FY2027-FY2029,

despite debt levels remaining elevated. The company is likely to see meaningful reduction of debt levels only from FY2028, considering the moratorium available on the repayment of debt availed for the capex. The company is also expected to derive synergistic benefits on account of Sysco's merger with RPPL, with improvement in cash flows on account of potential tax savings.

The ratings, however, remain constrained by the company's moderate scale of operations relative to the size of the flexible packaging industry, resulting in limited economies of scale. Besides, the highly fragmented and competitive nature of the industry restricts the pricing flexibility of industry players like RPPL. These factors, coupled with vulnerability to adverse movements in prices of key raw materials (crude oil derivatives) and foreign exchange (forex) rate, have resulted in some volatility in the company's operating margins over the past years. The company's procurement costs increased toward the end of Q4 FY2026, primarily due to the rise in crude oil prices following the West Asia conflict. While the company has taken steps such as price increases with customers and bulk procurement of raw materials to mitigate near-term volatility in prices as well as raw material availability risks, its ability to maintain its profitability in the current scenario of volatile commodity prices and forex rates remains a key monitorable.

Key rating drivers and their description

Credit strengths

Established operational track record and extensive experience of promoters in the flexible packaging industry – RPPL's promoters have extensive experience of over two decades in the packaging industry. The company started as a partnership concern in 1998, selling poly films, and subsequently diversified its portfolio into laminated films, shrink sleeves, adhesive tapes, paper bags, etc. With increasing diversification of its product profile following the recent capex, as well as the acquisition and merger of Sysco, it is poised to grow its scale of operations, going forward.

Established relationships with customer base, which include reputed companies – RPPL has an established customer base across various sectors like fast-moving consumer goods (FMCG), e-commerce and automobiles, and has been expanding its customer base as well. It continues to receive repeat orders from its key customers and is well poised to target additional customers, both in the domestic and export markets, given the enhanced capacities available.

Favourable demand outlook to support future growth – Stable demand prospects in flexible packaging and expansion into paper packaging, coupled with capacity addition, are expected to continue to drive the revenue growth over the near-to-medium term. Moreover, the proximity of Sysco's manufacturing facilities to the port improves its overall export prospects, further supporting revenue growth and diversification.

Credit challenges

Moderate coverage and capitalisation indicators – RPPL's debt levels (including vendor bill discounting facility and promoter loans) increased to Rs. 283.9 crore on March 2026, from Rs. 229.5 crore on March 2025, largely on account of debt availed for the capex in Unit III. While there has been funding support extended by promoters (worth Rs. 30.0 crore of interest-free unsecured loans outstanding as on March 2026), the external debt levels remain elevated. The company witnessed improvement in operating profits during the year due to cost optimisation measures adopted by the management, including reduction in director remuneration, reprocessing of granules, etc., which supported some improvement in coverage metrics as well, although it continues to be moderate. ICRA expects debt levels to remain elevated over the medium term, while the coverage and capitalisation indicators would gradually improve over the medium term as benefits of the capex accrue.

Moderate scale of operations relative to the size of the industry – RPPL's scale of operations continues to be moderate, relative to the size of the packaging industry, resulting in limited economies of scale. In FY2026, the company registered an operating income of Rs. 573.6 crore, a 3.8% year-over-year growth. Going forward, RPPL is expected to report healthy growth, supported by orders from both existing and new customers, which would gradually provide the benefits of economies of scale.

Intense competition limits pricing flexibility – The Indian packaging industry is fragmented and characterised by intense competition due to low entry barriers. This limits the pricing flexibility of industry participants, including RPPL. However, the company benefits to an extent from its established operational track record and long relationships with its customers.

Profit margins remain vulnerable to volatility in raw material prices – RPPL’s key raw materials are derivatives of crude oil, hence its margins continue to be susceptible to volatility in crude oil prices. Additionally, margins also remain exposed to forex fluctuations as the company generates 20-30% of its revenue from exports. However, it imports 15-20% of its raw material requirements, providing a natural hedge to its exports. The company’s ability to maintain its profitability in the current environment of volatile raw material prices and forex rates, would remain a key monitorable.

Liquidity position: Adequate

RPPL’s liquidity position remains adequate, supported by cash flow from operations ranging between Rs. 30.0– 40.0 crore per annum, unutilised lines of credit of Rs. 8.0–9.0 crore and unencumbered cash and cash equivalents of around Rs. 4.1 crore as on March 31, 2026. As against these sources of cash, the company has debt repayments of Rs. 15.0–20.0 crore per annum over FY2027-FY2029, while capex requirements stand at Rs. 10.0 crore per annum for maintenance capex and Rs. 10.0-15.0 crore for ongoing capex for capacity enhancement in FY2027.

Rating Sensitivities

Positive factors – ICRA could upgrade RPPL’s ratings if the company demonstrates healthy growth in revenues and earnings as the company sweats the recently expanded capacities, and reduction in external debt levels, leading to material improvement in its debt coverage metrics.

Negative factors – Pressure on the company’s ratings could arise if there is a significant decline in revenues and cash flow from operations and/or any significant capex which adversely impacts the liquidity profile and debt coverage metrics. Specific credit metrics that could result in ratings downgrade include DSCR of less than 1.6 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 its ratings, ICRA has considered the standalone financials of RPPL.

About the company

Established in 1998, RPPL is involved in manufacturing of poly film products, including packaging films, lamination films, shrink sleeves for jar and bottles, self-adhesive Biaxially Oriented Polypropylene (BOPP) tapes and multiplayer film for milk and oil packaging. Further, the company has the capacity to manufacture polyethylene films in-house, which are further processed to manufacture various other products. RPPL acquired Sysco Industries Limited from NCLT in FY2023 and subsequently consolidated Sysco with itself with effect from April 1, 2024. At present, the company (including Sysco) has manufacturing capacity of over 40,000 MTPA located across four manufacturing units in Hosur, Tamil Nadu and Surat, Gujarat. RPPL has a reputed client base including many Indian and multinational companies in the FMCG, automobile and other food companies.

Key financial indicators

RPPL (standalone)	FY2025	FY2026 (Provisional)
Operating income (OI)	552.7	573.6
PAT	7.7	20.4
OPBDIT/OI (%)	7.0%	10.3%
PAT/OI (%)	1.4%	3.6%
Total outside liabilities/Tangible net worth (times)	3.3	3.4
Total debt/OPBDIT (times)	6.0	4.8
Adjusted debt/ OPBDIT (times)	3.9	3.4
Interest coverage (times)	2.2	3.1

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; Adjusted debt excludes supplier bill discounting and promoter loans

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	May 05, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	74.00	[ICRA]BBB (Stable)	Jun 13, 2025	[ICRA]BBB (Negative)	Jun 28, 2024	[ICRA]BBB (Stable)	Apr 06, 2023	[ICRA]BBB (Positive)
Fund-based – Term loan	Long term	77.93	[ICRA]BBB (Stable)	Jun 13, 2025	[ICRA]BBB (Negative)	Jun 28, 2024	[ICRA]BBB (Stable)	Apr 06, 2023	[ICRA]BBB (Positive)
Unallocated limits – Unallocated limits	Long term	18.07	[ICRA]BBB (Stable)	-	-	-	-	-	-
Fund-based – Working capital demand loan	Long term	40.00	[ICRA]BBB (Stable)	Jun 13, 2025	[ICRA]BBB (Negative)	-	-	-	-
Fund-based – Export packing credit	Short term	10.00	[ICRA]A3+	Jun 13, 2025	[ICRA]A3+	-	-	-	-
Unallocated limits – Unallocated limits	Long term/Short term	-	-	-	-	Jun 28, 2024	[ICRA]BBB (Stable)/[ICRA]A3+	-	-
Fund-based – Others	Short term	-	-	-	-	-	-	Apr 06, 2023	[ICRA]A3+
Non-fund based – Others	Short Term	-	-	-	-	-	-	Apr 06, 2023	[ICRA]A3+

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Unallocated limits – Unallocated limits	NA
Short-term – Fund-based – Export packing credit	Simple
Long-term – Fund-based – Working capital demand loan	Simple
Long-term – Fund-based – Cash credit	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 II: Instrument details

ISIN	Instrument name	Date of issuance/Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based – Term loan	FY2022-FY2026	7.5%-9.5%	FY2026-FY2033	77.93	[ICRA]BBB (Stable)
NA	Fund-based – Cash credit	NA	NA	NA	74.00	[ICRA]BBB (Stable)
NA	Fund-based – WCDL	NA	NA	NA	40.00	[ICRA]BBB (Stable)
NA	Fund-based – Export packing credit	NA	NA	NA	10.00	[ICRA]A3+
NA	Unallocated	NA	NA	NA	18.07	[ICRA]BBB (Stable)

Source: Company

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

Annexure III: List of entities considered for consolidated analysis – Not applicable

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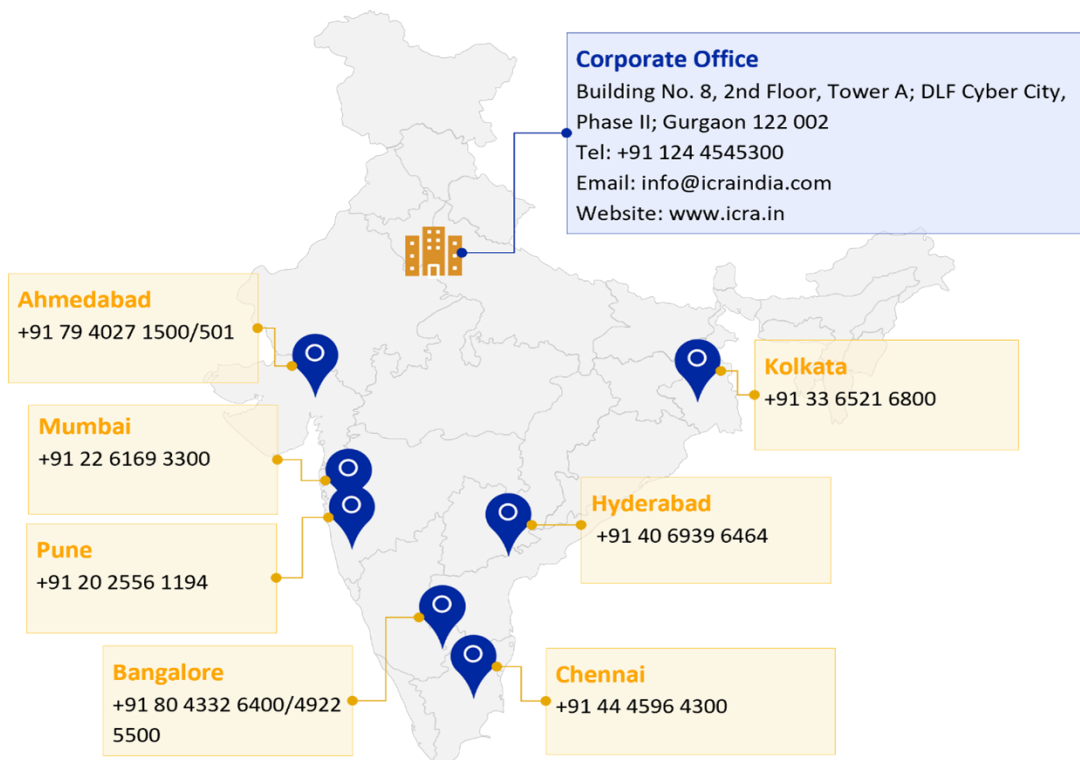


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