

January 30, 2026

Commercial Syn Bags Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Cash credit	89.0	99.0	[ICRA]BBB (Stable); reaffirmed
Long-term – Fund-based – Term loan	40.0	30.0	[ICRA]BBB(Stable); reaffirmed
Long-term/ Short-term - Unallocated	2.00	2.00	[ICRA]BBB(Stable)/ [ICRA]A3+; reaffirmed
Short-term – Non-fund-based - Others	10.00	10.00	[ICRA]A3+; reaffirmed
Total	141.00	141.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation factors in the established market position of Commercial Syn Bags Limited (CSBL) in the flexible intermediate bulk container (FIBC) bags segment as well as its diverse end-user industries, which provide cushion from industry-specific downturns to some extent.

ICRA notes the improvement in the financial performance of CSBL in FY2025 and H1 FY2026 with its revenues growing at 20.6% YoY and 15.5% YoY, respectively, owing to a robust demand in the export markets coupled with an improvement in realisations led by increased focus on value-added products. The capacity utilisation of the geo-textiles plant has also improved to 74% in H1 FY2026 from 58% in FY2025 and 31% in FY2024. Consequently, the operating profit margin (OPM) improved to 12.7% in H1 FY2026 from 10.2% in FY2025 and 8.8% in FY2024.

The ratings, however, remain constrained by its modest scale of operations with revenues of Rs. 347.8 crore in FY2025. Further, the company has large debt-funded capacity expansion plans over FY2026-28, which are expected to keep the leverage and coverage metrics under check over the near to medium term. The ratings also factor in CSBL's working capital-intensive operations with high inventory holding requirements and vulnerability of its profitability to the fluctuations in polypropylene (PP) granule prices. Further, stiff competition in the fragmented packaging industry limits its pricing flexibility.

The Stable outlook on the [ICRA]BBB rating reflects ICRA's opinion that the company will continue to benefit from the healthy export demand as well as increasing focus on value-added products. The debt coverage metrics will remain moderate (commensurate with the rating category), given the planned debt-funded capacity expansion.

Key rating drivers and their description

Credit strengths

Extensive promoter experience – CSBL is promoted by Mr. Anil Choudhary and Mr. Mohanlal Choudhary. The promoters have over three decades of experience in the packaging industry.

Established track record in packaging industry, increasing focus on value-added products - The company's long operational track record has helped it establish strong business ties with its key customers and suppliers, leading to repeat business from its major clients. In addition, CSBL is an appointed del credere associate-cum-consignment stockist (DCA/CS) for ONGC Petro Additions Limited (OPaL), which supports its revenue streams. During FY2025 and H1 FY2026, the company has increased its

focus on manufacturing value-added products like food grade bags, customised bags and bags with liners and coatings, which has improved realisations. The company plans to focus on value-added products going forward.

Diversified product profile with multiple end-user industries – CSBL has a diversified product range that includes flexible intermediate bulk container (FIBC) bags, woven sacks, tarpaulin and technical textiles, which find application in diverse end-user industries including cement, chemicals, agro-commodities, infrastructure, etc. Thus, the operations remain largely insulated from the risk of slowdown in any end-user sector.

Credit challenges

Debt-funded capacity expansion plans – The company has significant capacity expansion plans of around 12,300 MTPA over FY2026-28, which will entail a capital expenditure (capex) of Rs. 83 crore. The capacity expansion is towards manufacturing pharma grade bags and fabrics that can be used for manufacturing either FIBC bags or technical textiles. This will be funded by a mix of debt (Rs. 56 crore), internal accruals and equity (Rs. 27 crore), which is expected to keep the leverage and coverage metrics under check over the near to medium term.

Susceptibility of profit margins to fluctuations in raw material prices – Polypropylene granule is the key raw material for manufacturing FIBC bags. Being crude derivatives, any adverse movement in the prices of the same, that cannot be entirely passed on to the customers, may have a negative impact on the company's margins. The supply risks, however, are mitigated to some extent by CSBL's continuing relationships with vendors.

Moderate scale of operations in a highly fragmented and competitive industry – CSBL continues to operate at a moderate scale, reflected in its operating income (OI) of Rs. 347.8 crore in FY2025, which limits the economies of scale. The FIBC industry remains fragmented because of low entry barriers as capital and technology requirements are limited, the gestation period is small, and raw materials are easily available.

Environment 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.

Liquidity position: Adequate

The company's liquidity position is adequate. CSBL has sanctioned fund-based working capital limits of Rs. 85 crore with average utilisation of 78% in the last 12 months ending November 2025. Also, the company has electronic dealer financing limit of Rs. 14 crore with average utilisation of 62% in the last 12 months ending November 2025. Further, the company has scheduled debt repayment obligations of Rs. 8.7 crore over the 12-month period ending on September 30, 2026. The company has capex plans (excluding maintenance capex) of Rs. 83 crore over FY2026-2028, which will be funded by a mix of debt (Rs. 56 crore, of this, Rs. 41 crore is yet to be sanctioned), internal accruals and equity (Rs. 27 crore). The company issued 20,00,000 convertible warrants to the promoter and promoter group at Rs. 72 each in March 2025 entailing fund raise of Rs. 14.4 crore. Against this 25% of 14.4 crore i.e., Rs. 3.6 crore upfront money was received in March 2025, and the balance is expected to be received over FY2026-27.

Rating sensitivities

Positive factors – ICRA could upgrade CSBL's ratings in case of a healthy revenue growth, along with improvement in profitability and coverage indicators. An improved working capital cycle leading to improvement in liquidity could also trigger a rating upgrade. A specific credit metric that could lead to an upgrade is if total debt vis-à-vis operating profit before depreciation, interest and tax improves to less than 2.5 times, on a sustained basis.

Negative factors – Pressure on the ratings will emerge in case a sharp decline in revenues and profits or stretch in the working capital or debt funded acquisition/capex adversely impacts the financial profile and the overall liquidity position. Specific credit metrics that could lead to a downgrade include DSCR 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 the ratings, ICRA has considered the consolidated financials of CSBL. Refer to Annexure II for the list of entities considered for consolidation.

About the company

CSBL was incorporated in 1984 as a private limited company by Mr. Anil Choudhary and Mr. Mohanlal Choudhary. The company was reconstituted to a closely held public limited company in 1993 and subsequently got itself listed on the SME platform of the Bombay Stock Exchange in July 2016. The company migrated to the BSE main platform in May 2019.

The company manufactures and exports bulk packaging materials including Flexible Intermediate Bulk Containers (FIBC)/ jumbo bags, bulk bags, poly tarpaulin, pond liners, woven sacks, ground covers, laminates, vermi beds, geotextiles, box bags,

polypropylene (PP)/ high density polyethylene (HDPE) fabrics and flexible packaging. The company has five manufacturing facilities located at Pithampur, Indore, Madhya Pradesh (MP) with a combined manufacturing capacity of 24,530 metric tonnes per annum (MTPA) at the standalone level. In FY2018, the company commenced trading/agency business of plastic granules as a del-credere agent (DCA) cum consignment stockist (CS) of ONGC Petro Additions Limited (OPaL). The company also has a solar power plant for captive consumption.

In FY2021, the company commenced operations in ComSyn India Private Limited (CIPL) as a 100% subsidiary, which is engaged in the processing of fabrics for the company and also sells some carpet backing to outside customers. It has a production capacity of 3,100 MTPA with a capacity utilisation of 85-90% in FY2025. In FY2022, the company acquired the geo-textiles unit of Neo Corp International Limited (NCIL). In FY2024, the company acquired 49% stake in Smartlift Bulk Packaging Limited (SBPL) which is into warehousing and retailing of FIBC bags and other packaging products and a further 1% stake in May 2025. SBPL is incorporated in the UK and has one wholly-owned subsidiary in Ireland. In April 2025, the company acquired 100% stake in Erawat Vegcap Private Limited (EVPL) through CIPL for a consideration of Rs. 5.51 crore.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	H1 FY2026*
Operating income	288.4	347.8	189.0
PAT	7.7	15.3	14.0
OPBDIT/OI	8.8%	10.2%	12.7%
PAT/OI	2.7%	4.4%	7.4%
Total outside liabilities/Tangible net worth (times)	1.1	1.0	0.9
Total debt/OPBDIT (times)	4.3	2.9	2.3
Interest coverage (times)	3.0	3.8	5.3

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 audited results

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					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	Jan 30, 2026	Date	Rating	Date	Rating	Date	Rating
Long term-term loan-fund based	Long Term	30.00	[ICRA]BBB (Stable)	08-Oct-2024	[ICRA]BBB (Stable)	03-Jan-2024	[ICRA]BBB Rating Watch with Developing Implications	29-Jul-2022	[ICRA]BBB+ (Stable)
				-	-	-	-	20-Feb-2023	[ICRA]BBB (Stable)
Long term-cash credit-fund based	Long Term	99.00	[ICRA]BBB (Stable)	08-Oct-2024	[ICRA]BBB (Stable)	03-Jan-2024	[ICRA]BBB Rating Watch with Developing Implications	29-Jul-2022	[ICRA]BBB+ (Stable)
				-	-	-	-	20-Feb-2023	[ICRA]BBB (Stable)
Long term / short term-unallocated-unallocated	Long Term/ Short Term	2.00	[ICRA]BBB (Stable)/ [ICRA]A3+	08-Oct-2024	[ICRA]BBB (Stable)/ [ICRA]A3+	03-Jan-2024	[ICRA]BBB/ [ICRA]A3+ Rating Watch with Developing Implications	29-Jul-2022	[ICRA]BBB+ (Stable)/ [ICRA]A2
				-	-	-	-	20-Feb-2023	[ICRA]BBB (Stable)/[ICRA]A3+
Short term-others-non fund based	Short Term	10.00	[ICRA]A3+	08-Oct-2024	[ICRA]A3+	03-Jan-2024	[ICRA]A3+ Rating Watch with Developing Implications	29-Jul-2022	[ICRA]A2
				-	-	-	-	20-Feb-2023	[ICRA]A3+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based - Cash Credit	Simple
Long-term – Fund-based - Term Loan	Simple
Long-term / Short-term - Unallocated	Not applicable
Short-term – Non-fund-based - Others	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	Cash Credit	-	NA	-	99.00	[ICRA]BBB (Stable)
NA	Term loan I	FY2020 to FY2022	8.25% to 9.25%	FY2026 to FY2029	4.00	[ICRA]BBB (Stable)
NA	Term loan II	FY2024 to FY2026	7.25% to 7.90%	FY2026 to FY2033	26.00	[ICRA]BBB (Stable)
NA	Non-fund-based working capital limits	-	NA	-	10.00	[ICRA]A3+
NA	Unallocated	-	NA	-	2.00	[ICRA]BBB (Stable)/ [ICRA]A3+

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	CSBL ownership as on September 30, 2025	Consolidation Approach
Comsyn India Private Limited	100%	Full Consolidation
Smartlift Bulk Packaging Limited U.K.	50%	Equity method

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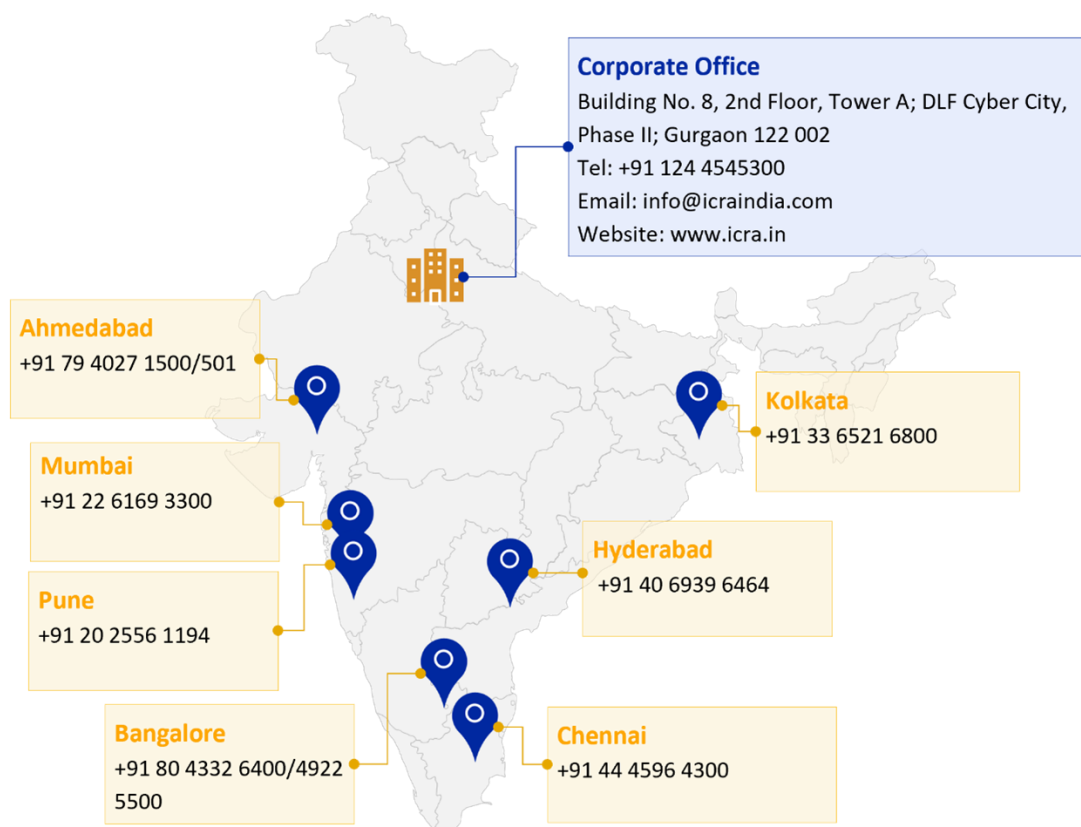


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