August 5, 2026

Aryan Packaging Products Pvt. Ltd.: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Fund-based – Term loans	0.38	0.31	[ICRA]BB- (Stable); Reaffirmed	RBI
Fund-based – Cash credit	5.00	5.00	[ICRA]BB- (Stable); Reaffirmed	RBI
Fixed deposit programme	2.50	2.50	[ICRA]BB- (Stable); Reaffirmed	MCA
Total	**7.88**	**7.81**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR will not be available for activities and instruments which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The rating factors in the extensive experience of the promoters of Aryan Packaging Products Private Limited (APPL) in the paper and packaging industry, along with the operational synergies derived from its association with Aryan Paper Mills Private Limited (APML), an established kraft paper manufacturer. APPL procures kraft paper, its key raw material, from APML for manufacturing corrugated boxes, which ensures steady raw material availability and supports operational efficiency. The rating also derives comfort from the strategic location of APPL's manufacturing facility, which is in proximity to kraft paper suppliers, as well as the healthy demand outlook for packaging products across end-user industries such as e-commerce, FMCG and industrial segments.

However, the rating remains constrained by APPL's modest scale of operations and its average financial risk profile, characterised by low margins, modest return indicators and moderate coverage metrics. In FY2026, the company reported a healthy revenue growth of 13.4%, albeit on a low base. APPL's revenue is expected to grow by 6-7% in FY2027, however, its scale of operations is expected to remain constrained by suboptimal capacity utilisation (39% in FY2026). Its operating margin recovered to 4.4% in FY2026 from 3.4% in FY2025 but remained lower than the historical level of 5-6% on account of elevated kraft paper prices. Going forward, the operating profit margin is likely to improve to the steady-state range of 5-6%, supported by an improving product mix. Nevertheless, the company's profitability remains exposed to fluctuations in kraft paper prices, given that kraft paper is a key raw material. Further, APPL's ability to fully pass on any increase in raw material costs remains limited due to the fragmented and competitive nature of the corrugated packaging industry, which continues to exert pressure on pricing flexibility and margins.

The Stable outlook on the rating reflects ICRA's expectation that APPL will continue to record a steady revenue growth, supported by stable demand conditions across key end-user industries and its earnings will improve with increasing focus on value-added products.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters and established presence in paper and packaging industry – APPL is promoted and managed by the Aryan and Shah Groups, which have an extensive track record of manufacturing kraft paper at Vapi, Gujarat. APPL benefits from the established clientele and dealership network of these groups, as well as from the backward integration of kraft paper supplies. Further, APPL enjoys an extended credit period as it mainly procures paper from its Group concerns (around 79% of total raw material procurement in FY2026), supporting its liquidity.

Location-specific advantage of being in proximity to suppliers and customers – The company's manufacturing plant is at Vapi, Gujarat, which is one of the country's key kraft paper manufacturing hubs. APPL benefits from its proximity to kraft paper manufacturers and its customers in major cities across Gujarat and Maharashtra.

Credit challenges

Modest scale of operations, low-capacity utilisation levels and average financial risk profile – The company's scale of operations continues to remain modest despite a healthy revenue growth of 13.4% in FY2026, albeit on a low base. Further, its capacity utilisation remained low at 39% in FY2026, limiting operating leverage benefits. While the operating margin improved to 4.4% in FY2026 from 3.4% in FY2025, it remained below the steady-state level of 5-6% because of elevated kraft paper prices. The debt protection metrics also remained moderate, as reflected in interest coverage and total debt/OPBIDTA of 2.7 times and 3.4 times, respectively, in FY2026, primarily on account of constrained profitability.

Profitability vulnerable to volatility in kraft paper prices – APPL's main raw material is kraft paper, which constitutes 75-80% of its total raw material costs. The company has limited control over raw material prices, and its ability to pass on price fluctuations to its end customers is also low. Hence, its profitability is exposed to adverse fluctuations in kraft paper prices.

Limited pricing flexibility due to fragmented industry structure and stiff competition – The company's pricing flexibility is limited as the corrugated box manufacturing industry is highly fragmented with stiff competition from numerous organised and unorganised players.

Liquidity position: Adequate

The company's liquidity is Adequate, supported by expected retained cash flows of Rs. 2.0-2.5 crore in FY2027 against modest repayment obligations of Rs. 0.20 crore. The average fund-based working capital utilisation for the past 12 months ending in March 2026 was moderate at around 66% of the drawing power. However, utilisation against sanctioned limits remained relatively high at around 86%, providing buffer of Rs. 0.4-0.5 crore in undrawn working capital limits.

Rating sensitivities

Positive factors – ICRA could upgrade the company's rating if it demonstrates a healthy growth in revenue and profitability, leading to a notable improvement in cash accruals on a sustained basis. Increase in net worth, leading to an improvement in the capital structure along with a comfortable liquidity position on a sustained basis would also be considered for a rating upgrade.

Negative factors – Pressure on the company's rating could arise if revenues or profitability reduce substantially, resulting in a material decline in cash accruals. Further, stretched receivables, adversely impacting the company's liquidity profile or absence of timely financial support from the promoters, would be key rating monitorables.

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 standalone financial profile of Aryan Packaging Products Pvt. Ltd.

About the company

APPL manufactures printed corrugated boxes and is based in Vapi, Gujarat. It has an installed production capacity of 36,000 metric tonnes per annum (MTPA) and commenced operations in March 2016. The company is promoted and managed by the Aryan and Shah Groups, which are established entities in the kraft paper manufacturing sector with robust dealership networks.

Key financial indicators (audited)

APPPL (Standalone)	FY2025	FY2026*
Operating income	57.0	64.6
PAT	-0.4	0.1
OPBDIT/OI	3.4%	4.4%
PAT/OI	-0.7%	0.2%
Total outside liabilities/Tangible net worth (times)	2.6	2.7
Total debt/OPBDIT (times)	5.2	3.4
Interest coverage (times)	1.8	2.7

*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 rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	Aug 5, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash Credit	Long Term	5.00	[ICRA]BB-(Stable)	Aug 29, 2025	[ICRA]BB-(Stable)	Aug 22, 2024	[ICRA]BB-(Stable)	Aug 30, 2023	[ICRA]BB-(Stable)
Fund-based-Term Loan	Long Term	0.31	[ICRA]BB-(Stable)	Aug 29, 2025	[ICRA]BB-(Stable)	Aug 22, 2024	[ICRA]BB-(Stable)	Aug 30, 2023	[ICRA]BB-(Stable)
Fixed Deposit	Long Term	2.50	[ICRA]BB-(Stable)	Aug 29, 2025	[ICRA]BB-(Stable)	Aug 22, 2024	[ICRA]BB-(Stable)	Aug 30, 2023	[ICRA]BB-(Stable)
Unallocated Limits	Long Term/ Short Term					-	-	Aug 30, 2023	[ICRA]A4; Withdrawn^

^No amount outstanding, hence short-term rating withdrawn

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based – Term loans	Simple
Fund-based – Cash credit	Simple
Fixed deposit programme	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	Financial Sector Regulator[#]
NA	**Term loans**	FY2016	NA	FY2027	0.31	[ICRA]BB-(Stable)	RBI
NA	**Cash credit**	NA	NA	NA	5.00	[ICRA]BB-(Stable)	RBI
NA	**Fixed deposit programme**	NA	NA	NA	2.50	[ICRA]BB-(Stable)	MCA

Source: Company

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Annexure II: List of entities considered for consolidated analysis – Not Applicable

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