

Press Release
KANPUR PLASTIPACK LIMITED
October 03, 2025
Rating Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	268.00	ACUITE BBB+ Stable Upgraded	-
Bank Loan Ratings	37.00	-	ACUITE A2 Upgraded
Total Outstanding Quantum (Rs. Cr)	305.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to 'ACUITE BBB+' (read as ACUITE triple B plus) from 'ACUITE BBB' (read as ACUITE triple B) and short term rating to 'ACUITE A2' (read as ACUITE A two) from 'ACUITE A3+' (read as ACUITE A three plus) on the Rs.305.00 Cr. bank facilities of Kanpur Plastipack Limited (KPL). The outlook is 'Stable'.

Rationale for rating

The rating upgrade takes into account the improved financial risk profile in FY25 supported by debt repayment through issue of share warrants and sale consideration of the CPP division. Further, the operating performance of the company also improved from Q2FY25 on account of increase in capacity utilisation (primarily through the FIBC segment), commencement of operations of CPP division in September, 2024 & improvement in realisations. Going ahead, the scale of operations is expected to remain in line supported by the growth in existing segments. Additionally, with another issue of share warrants in FY26, which is to be utilised towards debt repayments; the financial risk profile is expected to improve further. However, the rating continues to remain constrained on account of moderately intensive working capital operations, intensive competition and raw material price volatility. Furthermore, since nearly 10-11% of the current sales exposure is towards the US market; the implications of tariffs on business also remains a key rating monitorable.

About the Company

Incorporated in 1971, Kanpur Plastipack Limited (KPL) is a Kanpur based company engaged in manufacturing and export of flexible intermediate bulk containers (FIBCs), PP woven fabrics, and multifilament yarn (MFY) with an installed capacity of 42,000 MT. These products serve to end-user industry like food, chemicals, agriculture, construction, disposal & recycling etc. Further, the company also began manufacturing of cast polypropylene film (CPP) in 2023 but is currently discontinued. KPL is listed on BSE & NSE with a market cap of Rs.508 Cr as on 23rd September 2025. The company is currently promoted by Mr. Manoj Agarwal and Mr. Shashank Agarwal.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered the standalone financial and business risk profile of KPL to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations

Incorporated in 1971, the company commenced its operations under the leadership of Mr. Mahesh Swarup Agarwal

and has a long track record of operations spanning across five decades in the packaging industry. It began operations from manufacturing of high-density polyethylene woven fabric, sacks, plastic and forayed into

manufacturing and exporting of flexible intermediate bulk containers (FIBCs), PP woven fabrics, and multifilament yarn (MFY). The established presence of the company, along with experienced management, has helped KPL maintain a long relationship with its customers, which has aided the company in maintaining healthy revenue.

Improved scale of operations

The revenue of KPL improved significantly to Rs.634.45 Cr. in FY25 against Rs.496.37 Cr. in FY24. The growth is driven by increased focus on the Raffia segment (i.e. FIBC, Fabric, MFY, Granule trading etc.) which accounted for ~80% of the revenue coupled with better realizations. Further, the revenue is reported of ~Rs.179 Cr. during Q1FY26. KPL has diversified geographic presence across India and in international markets as well. The exports account for ~65% of the revenue in FY25 (~62% in Q1FY26) and the company is focusing on expanding its base in other geographies.

The operating margin of KPL improved to 9.10% in FY25 from 5.88% in FY24 mainly on account of improved capacity utilization and better realizations. Moreover, healthy demand and improved realisations are expected to keep the margins stable.

Improved financial risk profile

The issue of warrants to the extent of Rs.20.50 Cr. in FY25 and profit accretions has led to improvement in the net-worth which stood at Rs.205.15 Cr. as on 31st March, 2025 against Rs.179.91 Cr. as on 31st March, 2024. Going ahead, with further issue of warrants, the net-worth is expected to improve during FY26. Additionally, the long-term borrowings of KPL reduced to Rs.26.72 Cr. from Rs.105.48 Cr. in FY24, repaid from the sales consideration received from the CPP division, money raised through warrants and balance from its accruals. Therefore, on account of reducing debt the gearing of the company improved and stood at 0.71 times as on 31st March, 2025 against 1.25 times as on 31st March, 2024. Moreover, the debt protection metrics also improved and stood moderate marked by Interest Coverage Ratio (ICR) of 2.27 times and Debt Service Coverage Ratio (DSCR) of 1.09 times as on 31st March, 2025. Going forward the financial risk profile of the company is expected to improve backed by steady accruals and no major debt funded capex in the near to medium term.

Weaknesses

Moderately intensive working capital operations

The working capital operations of the company is moderately intensive in nature marked by gross current asset (GCA) of 153 days in FY25 against 137 days in FY24. While the inventory days and debtor collection days have slightly moderated; the GCA remains high due to increased other current assets which includes asset held for sale (i.e. plant & machinery of the CPP division of Rs.50.24 Cr). The inventory days stood at 67 days in FY25 as against 77 days in FY24. The debtor's collection also improved to 49 days in FY25 compared to 54 days in FY24.

Margin susceptibility to volatility in raw material prices

The FIBC (Flexible Intermediate Bulk Container) and packaging industry faces significant raw material risks that can disrupt operations and inflate costs. The industry's heavy reliance on petroleum-based polymers like polypropylene and polyethylene makes it sensitive to crude oil price fluctuations and resin shortages which might further affect the profitability. Moreover, the landscape remains intensely competitive, driven by aggressive capacity expansions by a few dominant players, resulting in downward pressure on product realisations along with some regulatory pressures.

Rating Sensitivities

- Sustained growth in scale of operations along with improvement in profitability levels.
- Significant debt funded capex leading to deterioration in financial risk profile and liquidity position.
- Further elongation in working capital operations.

Liquidity Position

Adequate

The company has an adequate liquidity marked by sufficient net cash accruals of Rs.24.93 Cr. in FY25 against maturing debt obligation of Rs.20.99 Cr. during the same period. Going forward, the net cash accruals are expected to be in the range of Rs.35-40 Cr. through FY2026-27 against repayment obligations in the range of Rs.7-10 Cr. The bank limit utilisation for fund-based limits of the company stood at moderate in the range of ~60-63% percent for the last 6 months ended June, 2025. The non-fund-based limits stood unutilized during the same period. The company has cash and bank balance of Rs.2.56 Cr. and current ratio of 1.16 times as on 31st March, 2025. Going forward, KPL is expected to maintain adequate liquidity position backed by better accruals and no major debt repayment obligations.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	634.45	496.37
PAT	Rs. Cr.	10.70	0.36
PAT Margin	(%)	1.69	0.07
Total Debt/Tangible Net Worth	Times	0.71	1.25
PBDIT/Interest	Times	2.27	1.83

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Sep 2024	Forward Contracts	Short Term	3.00	ACUITE A3+ (Downgraded from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A3+ (Downgraded from ACUITE A2)
	Letter of Credit	Short Term	16.00	ACUITE A3+ (Downgraded from ACUITE A2)
	Forward Contracts	Short Term	12.00	ACUITE A3+ (Downgraded from ACUITE A2)
	PC/PCFC	Long Term	120.00	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Negative)
	Cash Credit	Long Term	6.00	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Negative)
	PC/PCFC	Long Term	5.00	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Negative)
	Term Loan	Long Term	75.19	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Negative)
	Term Loan	Long Term	4.12	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Negative)
	Term Loan	Long Term	36.23	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Negative)
	Proposed Long Term Bank Facility	Long Term	24.09	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Negative)
	Stand By Line of Credit	Long Term	20.00	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Negative)
	PC/PCFC	Long Term	10.00	ACUITE BBB (Downgraded & Withdrawn from ACUITE BBB+ Negative)
	Term Loan	Long Term	17.63	ACUITE BBB (Downgraded & Withdrawn from ACUITE BBB+ Negative)
	Proposed Working Capital Demand Loan	Long Term	15.00	ACUITE Not Applicable (Withdrawn)
	Proposed Short Term Bank Facility	Short Term	18.93	ACUITE Not Applicable (Withdrawn)
20 Aug 2024	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	16.00	ACUITE A2 (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	33.07	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+ Negative (Reaffirmed)
	PC/PCFC	Long Term	5.00	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	35.72	ACUITE BBB+ Negative (Reaffirmed)
	Stand By Line of Credit	Long Term	20.00	ACUITE BBB+ Negative (Reaffirmed)
	PC/PCFC	Long Term	120.00	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	75.19	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	29.58	ACUITE BBB+ Negative (Reaffirmed)
	Proposed Working Capital Demand Loan	Long Term	15.00	ACUITE BBB+ Negative (Reaffirmed)
	Letter of Credit	Short Term	16.00	ACUITE A2 (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	33.07	ACUITE A2 (Reaffirmed)

06 Jun 2024	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A2 (Reaffirmed)
	Stand By Line of Credit	Long Term	20.00	ACUITE BBB+ Negative (Reaffirmed)
	PC/PCFC	Long Term	120.00	ACUITE BBB+ Negative (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+ Negative (Reaffirmed)
	PC/PCFC	Long Term	5.00	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	75.19	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	35.72	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	29.58	ACUITE BBB+ Negative (Reaffirmed)
	Proposed Working Capital Demand Loan	Long Term	15.00	ACUITE BBB+ Negative (Reaffirmed)
06 Jun 2023	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Letter of Credit	Short Term	16.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Proposed Short Term Bank Facility	Short Term	12.40	ACUITE A2 (Downgraded from ACUITE A2+)
	Proposed Short Term Bank Facility	Short Term	20.67	ACUITE A2 (Downgraded from ACUITE A2+)
	Stand By Line of Credit	Long Term	20.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	PC/PCFC	Long Term	120.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Cash Credit	Long Term	6.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	PC/PCFC	Long Term	5.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	33.19	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	42.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	25.72	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	10.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	19.58	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Term Loan	Long Term	10.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Proposed Working Capital Demand Loan	Long Term	15.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
23 Sep	Stand By Line of Credit	Long Term	20.00	ACUITE A- Stable (Reaffirmed)
	PC/PCFC	Long Term	120.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE A- Stable (Reaffirmed)
	PC/PCFC	Long Term	5.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	33.19	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	42.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	25.72	ACUITE A- Stable (Reaffirmed)
		Long		

2022	Term Loan	Term	10.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	19.58	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A- Stable (Assigned)
	Proposed Working Capital Demand Loan	Long Term	15.00	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	16.00	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	12.40	ACUITE A2+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	20.67	ACUITE A2+ (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE A2 Upgraded (from ACUITE A3+)
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Forward Contracts	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A2 Upgraded (from ACUITE A3+)
Axis Bank	Not avl. / Not appl.	Forward Contracts	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A2 Upgraded (from ACUITE A3+)
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE A2 Upgraded (from ACUITE A3+)
Axis Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	132.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	87.98	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Term Loan	01 May 2022	Not avl. / Not appl.	01 Jan 2028	7.70	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	01 Jun 2021	Not avl. / Not appl.	07 Oct 2025	0.22	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Axis Bank	Not avl. / Not appl.	Term Loan	01 Jan 2021	Not avl. / Not appl.	01 Jul 2027	9.10	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)

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