

Nahar Poly Films Limited

April 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	545.00 (Enhanced from 160.16)	CARE A; Stable	Reaffirmed
Short Term Bank Facilities	12.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the ratings assigned to the bank facilities of Nahar Poly Films Limited (NPFL) continue to derive strength from its experienced promoter group and substantial financial flexibility that the company enjoys from being part of the diversified Nahar Group. The ratings also continue to take comfort from the company's well-diversified customer base and its strong liquidity profile, underpinned by sizeable investments of ₹101.18 crore in mutual funds, debentures, and alternate investment funds as of December 31, 2025, alongside consistently low utilization of working capital limits.

The ratings further factor in the company's stable operating performance during FY25 (refers to period from April 01, 2024 to March 31, 2025), aided by a gradual normalization in market conditions and recovery in demand and realizations. Additionally, the company's financial risk profile continues to remain comfortable, characterized by low overall gearing.

However, the ratings are constrained by the project implementation risk whereby the company has undertaken a large capex of Rs.594 crore for capacity enhancements. The same would be undertaken in a phased manner and is expected to achieve COD (Commercial Operation date) by March 2028 whereby it would be funded through term loan and internal accruals in the ratio of 5:2. Further, the ratings continue to remain constrained by the inherent risks associated with the industry which is highly fragmented and players tend to add large capacities when prices improve, leading to fall in product realizations. The company's profitability also remains susceptible to raw material price volatility, foreign exchange fluctuation risks, and intense industry competition. Moreover, NPFL's operations are exposed to regulatory changes and geography-specific risks in its export markets.

The ratings also take cognizance of the ongoing war between Iran and Israel and the temporary closure of the Strait of Hormuz which has caused a sharp rise in raw material costs along with higher film prices and limited supply from key vendors, some of whom have invoked force majeure. With demand currently stagnant, short-term pressure on margins and capacity utilization is expected. Market normalization is expected only after geopolitical tensions subside. Consequently, PBILDT margins are expected to moderate in FY27, though the underlying packaging demand remains stable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in the scale of operations above Rs 850 crore along with improvement in PBILDT margin above 18%
- Sustained improvement in return on capital employed (ROCE) beyond 21%

Negative factors

- Sustained capacity utilisation falling below 75%, resulting in pressure on cash flows and liquidity, along with any delays in project implementation vis-à-vis the envisaged timelines leading to cost overruns.
- Any higher than envisaged debt-funded capital expenditure resulting in overall gearing above 0.50x.
- Any further investments made in associate concerns beyond current levels.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity shall sustain its strong financial risk profile over the medium term on back of its strong liquidity. CARE also believes that improvement in cash accruals of the company over medium term shall further support its liquidity profile.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with high financial flexibility being part of Nahar group

NPFL belongs to the reputed Nahar Group which was established by late Mr. Vidya Sagar Oswal with diverse business interests in textiles, retail, BOPP films, renewable power, real estate, sugar and financial services. Currently, Mr. J.L. Oswal, son of Mr. Vidya Sagar Oswal holds the chairman position on the board of directors of NPFL and other group companies. He has more than 50 years of experience in the textile and woollen industry. Other directors of the company include Mr. Kamal Oswal (s/o Mr. J.L. Oswal and Vice-Chairman-cum-Managing Director of Nahar Industrial Enterprises Limited) and Mr. Dinesh Oswal [s/o Mr. J.L. Oswal and Managing Director of Nahar Spinning Mills Limited (NSML) and Nahar Capital and Financial Services Limited (NCFSL)], who have an industry experience of over 3 decades respectively. The promoters of the company are supported by well qualified professionals with separate heads for each department. Long operational history of the group and NPFL itself has enabled the company to establish strong relations with its customers and suppliers. Being part of the Nahar group, the company enjoys ample financial flexibility with investments in group entities amounting to Rs.168.73 crore as on December 31, 2025. The promoters/promoter group entities hold 72.20% shareholding in NPFL, with Nahar Capital and Financial Services Limited (NCFSL) holding 49.16%, and Nahar Spinning Mills Limited (NSML) holding 18.88% stake as on March 31, 2025. Further, NPFL held 39.48% stake in NCFSL and 19.14% held by in Nahar Spinning Mills Limited, as on March 31, 2025. In the past, it has been observed that the promoters and promoter group companies have extended need based financial support to other group companies.

Diversified customer profile

The company caters to more than 200 customers spread across India through established network of its own marketing personnel and dealers. Also, the company has fairly diversified customer profile with top 10 customers contributing ~35% to the total operating income in FY25 (PY: ~57% of total operating income) with none of them comprising of more than 10% of company's top-line. Further, the company also exports its products to various countries such as Nigeria, United Kingdom, Bangladesh, United Arab Emirates (UAE), Turkey, Oman, Tanzania, Nepal, Slovak Republic etc. Exports contributed ~12% of NPFL's revenue in FY25 (~12% in FY24).

Stable operational performance during FY25

The company reported an improvement of nearly 11% in its total operating income, reaching ₹665.75 crore in FY25 compared with ₹599.59 crore in the previous year. FY24 had been an exceptional year for the BOPP industry, marked by significant oversupply and sharp price reductions by the market leader to retain market share, which suppressed realizations and curtailed volume growth across the sector. With industry conditions stabilizing in FY25, pricing and realizations have reverted to more sustainable, long-term levels. Reflecting this normalization, the company's PBILDT margin strengthened to 11.41% in FY25, compared with 3.50% in FY24. Furthermore, the company earned PAT (Profit after tax) of Rs.36.36 crore in FY25 (PY: Loss of Rs.8.49 crore).

9MFY26 (refers to period from April 01 2025 to December 31 2025): The company has reported y-o-y growth in the total operating income of ~5% in the 9MFY26, which stood at Rs.536.52 crore (PY: Rs.509.30 crore) owing to increase in demand of BOPP with better volumes achieved over the previous year. The PBILDT margin improved significantly which stood at 14.15% in 9MFY26 (9MFY25: 10.34%). The improvement was owing to decline in the raw material (BOPP resins and additives) cost by ~7% which stood at Rs.89,063 per MT in 9MFY26 as against Rs.95,779 per MT in 9MFY25.

Comfortable financial risk profile

The overall gearing of the company stood comfortable and improved to 0.21x as on March 31, 2025 (PY: 0.27x) owing to repayment of long-term debt. Further, with gradual recovery seen in the market, the operating profitability has improved, with debt coverage indicators such as Interest coverage (PBILDT/Interest) and total debt to GCA of 7.43x and 1.35x respectively as on March 31, 2025 (PY: 1.74x and 6.20x respectively).

Key weaknesses

Project Implementation Risk

The company has undertaken a capex of ₹594 crore, primarily funded through a term loan of ₹418 crore and remaining through internal accruals, to expand its BOPP film manufacturing capacity by 36,000 MTPA. The expansion focuses on the same product line but is expected to deliver operational efficiencies through improved line width and enhanced productivity, with overall productivity anticipated to increase to approximately 15.5%. The financial closure has been achieved whereby the company was

sanctioned term loan of Rs.418 crore. The repayments would start after COD which would be achieved by April 2028. The repayments are to be made in 32 equal quarterly instalments starting Q1FY29 (refers to period from April 01, 2028, to June 30, 2028). Timely commencement of the project without any time and cost overruns would remain a key rating monitorable.

Susceptibility of margins to volatility in raw material prices and exposure to foreign fluctuation risk

The company is susceptible to the fluctuations in raw material prices. The operations of NPFL are raw material intensive in nature with the material cost constituting ~70% of the total operating income in FY25 (PY: ~77%). The prices of the key raw materials viz. BOPP resins and additives (polypropylene) are fluctuating in nature as these are dependent on crude oil prices which themselves are highly volatile in nature. Furthermore, the limited suppliers of these raw materials make it a sellers' market with limited bargaining power for buyers. Accordingly, profitability of packaging material producers is highly susceptible to raw material fluctuations. Furthermore, the margins are also vulnerable to changes in product mix of orders executed since BOPP films of nontape/metalized grade (generally customized as per client requirements) delivers better margins as compared to tape grade. Export comprised of 12% of the total income of the company against imports of 1% of total raw material requirements, thus providing natural hedge to an extent. The company also books forward contracts from time to time to hedge a part of the exposure. However, since the complete exposure of the company is not hedged, it is exposed to any adverse fluctuation in the foreign exchange prices.

Operations remain exposed to the government regulations and geography specific risks in export markets

The industry outlook remains cautious in the near term, with ratings factoring in the adverse impact of ongoing geopolitical disturbances, including the conflict in the Middle East and the temporary closure of the Strait of Hormuz. These developments have disrupted global supply chains, leading to a sharp increase in raw material costs, elevated film prices, and constrained availability from key suppliers, some of whom have invoked force majeure clauses. In an environment of currently stagnant demand, these cost pressures are expected to translate into short-term stress on industry margins and lower capacity utilization. Input cost normalization is likely to be gradual and contingent on the easing of geopolitical risks. Market conditions are expected to stabilize only over the next 5–6 months. Consequently, PBILDT margins for industry participants are likely to soften in FY27. However, the underlying demand fundamentals for the flexible packaging sector remain structurally stable, supported by steady consumption trends across end-use segments, which should aid recovery once supply-side disruptions abate.

Liquidity: Strong

The liquidity profile of the company remains strong as reflected by projected gross cash accruals of Rs.75-85 crore in FY26-FY27 as against repayment of Rs.22.35 crore in FY27. Further, the average utilization of working capital borrowings stood low at only ~8% for the trailing 12 months ended February 28, 2026. Further, the company's investments in mutual funds, debentures, and alternate investment funds (quoted at market value) stood at Rs.70.51 crore as on Mar-31, 2025 and Rs. 101.18 crore as on December 31, 2025 respectively.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Plastic Products - Consumer

Incorporated in the year 1988 and based in Ludhiana (Punjab), Nahar Poly Films Limited (NPFL) is a part of the Nahar Group of Industries (Nahar Group), which is managed by Mr. J L Oswal and his family members. Earlier, the company was engaged in textile and investments business under the name of Nahar Exports Ltd (NEL). Pursuant to the scheme of Arrangement and Demerger in 2006, the textile division of NEL demerged from it and merged into Nahar Spinning Mills Limited (NSML). The residual activity (investment division) of NEL was later renamed as Nahar Investments & Holding Ltd (NIHL). Subsequently, in June 2008, the name of the company was changed to NPFL. NPFL commissioned a biaxially-oriented polypropylene (BOPP) plant with an installed capacity of 30,000 tonne per annum (TPA) in Madhya Pradesh which commenced operations in May 2010. In FY22, company has set up another BOPP line for 30,000 TPA, commercialised in Feb 2022 (as on March 31, 2024, total installed capacity

stood at 60,000 TPA). The company belongs to the seven-decade old Nahar Group which has a diversified presence in businesses such as textiles, retail, BOPP films, renewable power, real estate, sugar and financial services through its various companies including Oswal Woollen Mills Limited, Monte Carlo Fashions Ltd., Nahar Spinning Mills Ltd., Nahar Industrial Enterprises Ltd., among others.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	599.59	665.75	536.52
PBILDT*	20.97	75.97	75.92
Profit after tax (PAT)	-8.49	36.36	48.45
Overall gearing (x)	0.26	0.20	0.14
Interest coverage (x)	1.74	7.43	12.41

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA:

Any other information:

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	March, 2036	491.00	CARE A; Stable
Fund-based - LT-Working Capital Limits		-	-	-	54.00	CARE A; Stable
Non-fund-based - ST-BG/LC		-	-	-	12.00	CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-BG/LC	ST	12.00	CARE A1	-	1)CARE A1 (21-Feb-25)	1)CARE A1 (02-Jan-24)	1)CARE A1 (26-Dec-22)
2	Fund-based - LT-Working Capital Limits	LT	54.00	CARE A; Stable	-	1)CARE A; Stable (21-Feb-25)	1)CARE A; Stable (02-Jan-24)	1)CARE A; Stable (26-Dec-22)
3	Fund-based - LT-Term Loan	LT	491.00	CARE A; Stable	-	1)CARE A; Stable (21-Feb-25)	1)CARE A; Stable (02-Jan-24)	1)CARE A; Stable (26-Dec-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA
Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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