July 17, 2026

To,
The General Manager
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

To,
Asst. Vice President,
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E),
Mumbai - 400051

BSE Scrip Code: 516082
NSE Symbol: NRAIL

Subject: Re-affirmation in Rating and enhancement in Credit Facilities

Reference: Regulation 30 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Dear Sir / Ma'am,

Pursuant to Regulation 30 and other applicable provisions of SEBI Listing Regulations, this is to inform that ICRA Limited has reaffirmed the long-term rating of [ICRA]A-Stable (pronounced ICRA A minus Stable) and short-term rating of [ICRA]A2+ (pronounced ICRA A2 plus) with increase in rated amount from 955.64 Crores to 1137.57 Crores. The rating rationale is enclosed.

Thanking you,

Yours faithfully,
For **N R Agarwal Industries Limited,**

POOJA
HITESH
DAFTARY

Digitally signed by POOJA HITESH DAFTARY
DN: cn=POOJA HITESH DAFTARY, c=IN, l=Thane, st=Maharashtra, o=Personal, title=1290, email=pooja.daftary@nrail.com, serialNumber=9535de22d1986cafa15e1c0dd53b0b855c7ad10cedd09cdd7c380a8657ce1c49
Date: 2026.07.17 12:58:52 +05'30'

Pooja Daftary
Company Secretary & Compliance Officer

Encl.: As stated above

July 16, 2026

N R Agarwal Industries Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulators#
Long-term fund-based – Cash credit	288.00	328.62	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount	RBI
Long-term fund-based – Term loan	590.64	666.05	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount	RBI
Short-term non-fund based	77.00	142.90	[ICRA]A2+; reaffirmed and assigned for enhanced amount	RBI
Total	**955.64**	**1,137.57**		

**Instrument details are provided in Annexure II*

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

Rationale

The rating reaffirmation of N R Agarwal Industries Limited (NRAIL) continues to consider the established track record of its promoters (more than 30 years in the paper industry), its large scale of operations, and a strong presence in western India. The company reported a healthy improvement in operating performance in FY2026, with revenue growth of 29% supported by ramp-up in utilisation of incremental capacity, leading to higher sales volumes. Operating profitability also improved, with margins expanding to around 8.1% in FY2026 from 6.7% in FY2025, driven by better absorption of fixed costs, improvement in realisations in H2 FY2026 and gradual stabilisation of its incremental capacity.

Despite the improvement, the operating margins remain below historical levels. However, going forward, the operating margins are expected to improve further, supported by increasing share of value-added/premium products positively impacting realisations and contribution levels, benefits of operating leverage and initiatives to reduce raw material cost by modifying the input mix while maintaining adequate quality of finished products. ICRA also expects NRAIL's revenue and earnings performance to remain supported by stable demand, its strong distribution network and healthy capacity utilisation levels. The company has further enhanced the capacity of its new duplex board plant from 725 tonne per day (TPD) to 900 TPD in January 2026, increasing its overall annual installed production capacity to around 5 lakh tonne per annum (TPA) from around 4.4 lakh TPA. This is expected to result in scale expansion in the near term.

The ratings, however, remain constrained by the vulnerability of revenues and margins to fluctuation in realisation of paper, as a fragmented industry structure restricts pricing flexibility, along with susceptibility of margins to volatility in wastepaper prices, which also depends on foreign exchange (forex) rates due to significant imports. For FY2026, around 59% of the company's raw material requirements were met through imports. While NRAIL derives around 13% of its revenues through exports, which provides a natural hedge to a large extent, a sharp volatility in forex rates in the absence of any firm hedging mechanism may impact the company's profitability.

ICRA notes that the capital structure of the company remains comfortable, despite growth in its gearing to 1.0 times as on March 31, 2026 from 0.8 times as on March 31, 2025 owing to a rise in debt levels. However, the total debt/OPBITDA remained elevated at 4.7 times (5.8 times in FY2025) and the interest coverage remained moderate at 2.7 times (1.8 times in FY2025) in FY2026. In FY2027, the coverage metrics are likely to improve with ramp-up in capacity utilisation and expected improvement in profitability. Nevertheless, a major debt-funded capex plan is likely to keep the credit metrics and liquidity under check. ICRA notes that the company has announced a sizeable capex for setting up a new multilayer board plant (Unit VI project) with a production capacity of around 1,500 TPD (increased from 1,000 TPD) at an estimated cost of Rs. 1,500 crore (increased from Rs. 1,200 crore envisaged earlier), to be largely implemented over FY2028-FY2030, of which around Rs. 227 crore has already been incurred in FY2026 towards land and an old machine procured from China, while around Rs. 23 crore is likely to be incurred in FY2027. The project is expected to be funded through a mix of internal accruals and debt, which, along with incremental working capital requirements for the expanded operations, could exert pressure on the company's capital structure and debt coverage indicators over the medium term and will remain a key rating sensitivity.

The Stable outlook reflects ICRA's expectation that NRAIL's credit profile will be supported by ramp-up of production from the recent capacity addition, increasing contribution from value-added products and cost reduction initiatives. The company's established position in the recycled paperboard segment, strong customer relationships and healthy demand for its products are likely to mitigate offtake risks for the planned capacity addition, thereby resulting in improved revenues and earnings in the medium term, supporting its credit metrics despite the increasing debt level.

Key rating drivers and their description

Credit strengths

Established track record in the paper industry; good distribution network – NRAIL has been manufacturing paper products since 1993 and has developed an established presence and distribution network over the past three decades. Its operations are managed by Mr. RN Agarwal, Chairman and Managing Director, who has an extensive experience of more than three decades in the paper industry. NRAIL operates through an established network of agents and dealers with focus on sales in western India. The agents have tie-ups with printing and designing companies who make boxes as per the specifications of various end-user industries such as pharmaceuticals and FMCG. Further, NRAIL's customer base remains moderately diversified.

Healthy capacity utilisation and captive power plants support the cost structure – NRAIL currently operates three manufacturing facilities at Vapi and Sarigam, Gujarat, with an aggregate installed production capacity of around 5.0 lakh MTPA as on March 31, 2026. The company commissioned a new duplex board plant with a capacity of 2,40,000 MTPA in April 2024 and subsequently enhanced the capacity of the machine from 725 TPD to 900 TPD in January 2026, increasing its overall installed capacity and supporting volume growth. The new plant has largely stabilised, resulting in improved utilisation levels, higher sales volumes and better operating performance in FY2026. Going forward, the company's scale of operations is expected to benefit from the full-year operation of the enhanced capacity. Further, NRAIL has proposed a large greenfield expansion project involving a 1,500 TPD board machine, with commercial operations targeted by December 2029, which is likely to strengthen its market position in the paperboard segment over the medium term. NRAIL's production capacity was fully utilisised in FY2026, reflecting its healthy operating efficiency. In addition, the company benefits from captive power generation facilities and cogeneration arrangements, making it largely self-sufficient in meeting its power requirements. The utilisation of steam generated from captive power plants in the manufacturing process and for power generation enhances energy efficiency and provides a cost advantage, supporting its operating profitability.

Favourable demand scenario – Long-term demand outlook for paper in the domestic market remains favourable because of its low per-capita usage currently, compared to global standards and increasing usage of packaging products. Growing demand for packaging from e-commerce, food and food products, FMCG, textiles and pharmaceutical sectors augurs well for the company. However, rising digitisation remains a threat for the growth of the writing and printing paper (WPP) segment, which contributed around 27% of NRAIL's overall revenues in FY2026, on a long-term basis.

Credit challenges

Capital intensive nature of business; commensurate returns from planned debt-funded capex remain critical for the credit profile – The paper manufacturing business is inherently capital intensive, characterised by substantial investments in plant and machinery, captive power infrastructure, environmental compliance systems and periodic maintenance capex requirements. Additionally, maintaining competitiveness in the industry often necessitates continuous investments in technology upgrades, product development and capacity expansions. Against this backdrop, NRAIL has announced a large greenfield board project involving a 1,500 TPD paper machine at an estimated cost of Rs. 1,500 crore, of which a portion (Rs. 250 crore) has already been incurred towards land acquisition and procurement of pre-owned machinery. While the project is likely to strengthen the company's market position and support long-term growth, its successful implementation and timely ramp-up remain critical from a credit perspective. Given the sizeable capex relative to the current balance sheet size, it is exposed to project execution risk. Further, timely commencement of the project without any cost overrun remains a key rating monitorable. The project cost is proposed to be funded through a mix of term loan and internal accruals. Onboarding of the project debt is likely to keep the capital structure and debt-coverage metrics under pressure over FY2029–FY2030. However, the company's ability to achieve financial closure at favourable terms and generate healthy earnings to offset the impact of higher debt service obligations on liquidity and coverage metrics, going forward, will remain a key rating sensitivity.

Fragmented industry structure restrict pricing flexibility – The paper industry remains highly fragmented, with several organised and unorganised players limiting pricing flexibility. As a result, manufacturers often face challenges in passing on increases in raw material and other input costs, particularly during periods of weak demand or elevated imports. Although NRAIL benefits from its established market position and growing share of value-added products, its earnings remain exposed to competitive intensity, import-led pricing pressures and cyclical demand-supply dynamics in the industry.

Exposed to regulatory changes and volatility in prices of key input materials, a significant share of which is imported – The main raw material used in NRAIL's manufacturing process is wastepaper, which accounts for 75-80% of its total raw material costs. The prices of wastepaper vary with changes in related regulations as well as their overall availability. The other key input for the entity is coal, which is largely imported. The company's ability to protect its margin through price hikes in case of any rise in input prices will remain a key rating sensitivity. NRAIL sources wastepaper from both domestic and international markets. Imports are primarily made from North America, West Asia and Europe through various indenting agents and the same accounted for around 62% of its total raw material requirements in FY2026. Thus, NRAIL's margins remain vulnerable to any adverse fluctuation in raw material prices, particularly for imported inputs like wastepaper and coal, given a significant INR depreciation in recent times. The company does not follow any formal hedging mechanisms, but it derives nearly 10-20% of its revenues from exports, which provides a natural hedge to an extent.

Environmental and social risks

Environmental considerations: The paper manufacturing industry is exposed to environmental risks related to air, water and land pollution, with discarded paper and paperboard making up a sizeable portion of solid municipal waste in landfills. Manufacturing paper requires a lot of resources such as water and power, creating a lot of wastewater and solid waste in the process. As a result, environment management is highly critical to continue sustainable business operations for the company. Also, water treatment is extremely important because the pulping and bleaching process can release complex organic and inorganic pollutants, which need to be properly treated. Any disruption in measures taken for appropriate treatment of wastewater could result in significant penalties while also causing prolonged adverse impact on operations in case of any strict regulatory action.

Social considerations: The entities operating in the paper industry are exposed to the risk of disruption due to inability to properly manage human capital in terms of their safety and overall well-being. Further, any significant increase in wage rates adversely impacts the cost structure of paper manufacturing companies, impacting their margins.

Liquidity position: Adequate

The liquidity position of the company is adequate. Its fund flow from operations (FFO) remained healthy at above Rs. 100 crore in FY2026. A significant increase in turnover during the year necessitated higher working capital, leading to a decline in the cash flow from operations (CFO). However, both FFO and CFO are expected to increase significantly in FY2027. The average working capital utilisation stood at 68% for its fund-based limits (drawing power) in the last 14-month period ending in April 2026, with a buffer of Rs. 58.31 crore in April 2026. Along with the cash and liquid investments of Rs. 15 crore as on March 31, 2026, this supports the liquidity position. The company has planned a capex of Rs. 40-60 crore in FY2027, to be funded by internal accruals and undrawn term loan (around Rs. 30 crore), if required. NRAIL has repayment obligations of around Rs. 62 crore in FY2027 and Rs. 97 crore in FY2028, which are likely to be comfortably met. However, NRAIL has a large capex planned mainly over FY2028-FY2030, which is proposed to be funded through a mix of term loans and internal accruals. While internal accruals are expected to remain healthy, the extent of debt funding and repayment structure of the proposed borrowings will remain monitorable from a liquidity perspective.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company can register a significant growth in its revenues and margins on a sustained basis, aided by increase in capacity utilisation and improvement in contribution led by a rise in the share of value-added products and cost reduction initiatives, which strengthen the coverage metrics despite the increasing debt level.

Negative factors – The ratings may be downgraded if the company is unable to improve its earnings on a sustained basis or if the large debt-funded capex planned in the medium term impact the liquidity profile and debt metrics. Specific credit metrics, which could trigger a negative rating action, include a DSCR of less than 1.8 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Ratings are based on standalone financial statements

About the company

N R Agarwal Industries Limited, incorporated in 1993, manufactures different types of duplex paper board and WPP. The company has three operational manufacturing facilities at Vapi and Sarigam, Gujarat, with a total production capacity of around 5 lakh MTPA. The manufacturing plants are well equipped; and most of the entity's power requirement is met through captive power generation while the remaining is met through purchase from the Gujarat Electricity Board. The company is listed on NSE and BSE, and around 74.29% of its equity shares, as on March 31, 2026, were held by the promoter group.

Key financial indicators (audited)

NRAIL Standalone	FY2025	FY2026
Operating income (OI)	1,659.0	2,145.4
PAT	17.7	43.7
OPBDIT/OI	6.7%	8.1%
PAT/OI	1.1%	2.0%
Total outside liabilities/Tangible net worth (times)	1.3	1.5
Total debt/OPBDIT (times)	5.8	4.7
Interest coverage (times)	1.8	2.7

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

			Current ratings (FY2027)	Chronology of rating history for the past 3 years					
			FY2027	FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Jul 16, 2026	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	328.62	[ICRA]A- (Stable)	Aug 25, 2025	[ICRA]A- (Stable)	Jan 3, 2025	[ICRA]A (Stable)	Nov 16, 2023	[ICRA]A (Stable)
Term loan	Long Term	666.05	[ICRA]A- (Stable)	Aug 25, 2025	[ICRA]A- (Stable)	Jan 3, 2025	[ICRA]A (Stable)	Nov 16, 2023	[ICRA]A (Stable)
Non-fund Based	Short term	142.90	[ICRA]A2+	Aug 25, 2025	[ICRA]A2+	Jan 3, 2025	[ICRA]A1	Nov 16, 2023	[ICRA]A1

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 the regulatory purview of various Financial Sector Regulators (FSRs), 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 the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal 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 FSRs other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash Credit	Simple
Long-term fund-based – Term Loan	Simple
Short-Term – Non-Fund Based	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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulators
NA	**Cash Credit**	NA	NA	NA	328.62	[ICRA]A- (Stable)	RBI
NA	**Term Loan – I**	FY2022	NA	FY2032	191.25	[ICRA]A- (Stable)	RBI
NA	**Term Loan – II**	FY2022	NA	FY2032	167.80	[ICRA]A- (Stable)	RBI
NA	**Term Loan – III**	FY2025	NA	FY2036	165.00	[ICRA]A- (Stable)	RBI
NA	**Term Loan – IV**	FY2026	NA	FY2032	142.00	[ICRA]A- (Stable)	RBI
NA	**Non-fund Based**	NA	NA	NA	142.90	[ICRA]A2+	RBI

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

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 022 6114 3442
kinjal.shah@icraindia.com

Sovanlal Biswas
+91 33 6521 6808
sovanlal.biswas@icraindia.com

Karan Chandrakant Gupta
+91 22 6114 3457
karan.gupta@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

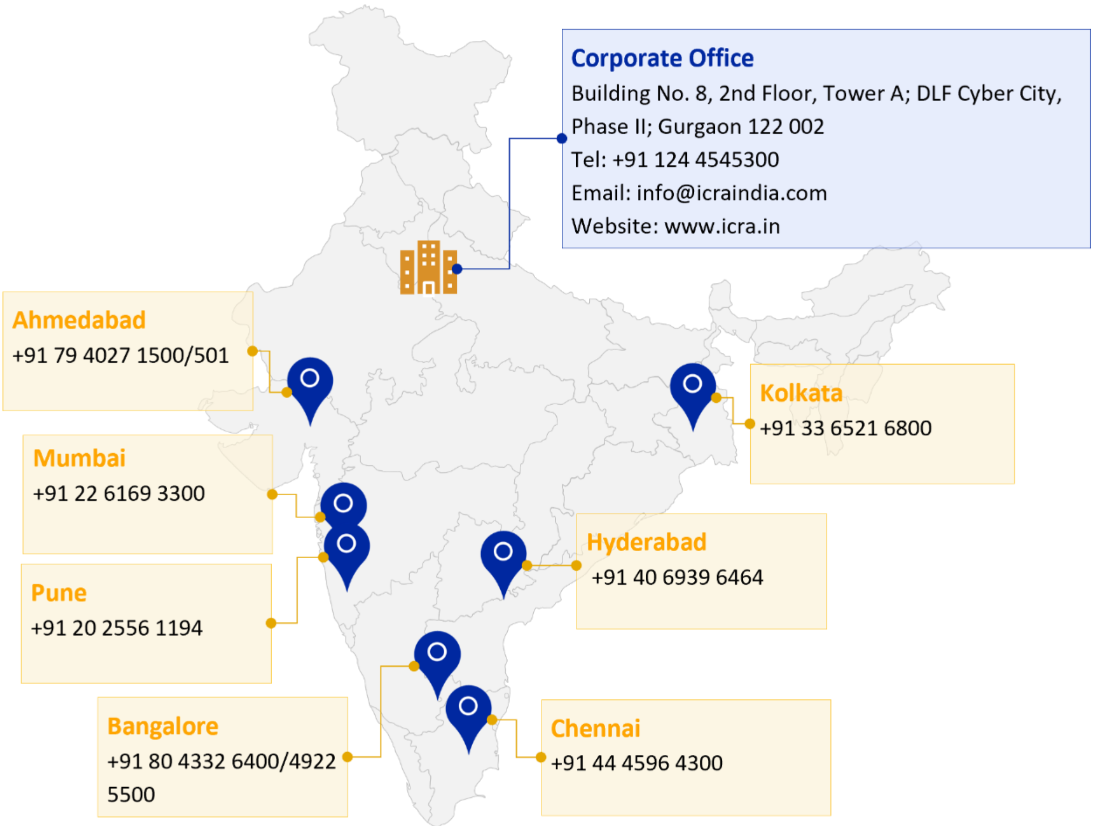
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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