



FINANCIAL HEALTH REVIEW

Aranya Packtech Private Limited

Review Period: FY24 - FY26 (3 years, all audited)
Prepared for: Mr. Rohan Malhotra and Ms. Kavya Malhotra, Directors
Prepared by: Evolv Ventures
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About Evolv Ventures

Evolv Ventures is a Delhi-based financial consulting and advisory firm working with growing Indian businesses, typically in the INR 20-200Cr revenue range, whose credit structure, cash flow discipline, and financial planning function haven't kept pace with their growth. Our view, formed across corporate finance and capital markets work, is that businesses at this scale are chronically underserved by both their lenders and their advisors: the bank relationship manager isn't structuring their credit, and the CA isn't advising on capital. Evolv fills that gap.

We work across three areas:

- a) **Structured Debt & Refinancing Advisory** (lender mapping, facility restructuring, information memoranda),
- b) **Financial Planning & Cashflow Advisory** (a virtual CFO offering covering forecasting, MIS, and financial controls), and
- c) **Credit Readiness** (preparing a documented, lender-ready financial and operational narrative).

This Financial Health Review is the first step towards analyzing and understanding your business.

About the Founder

Jatan Vyas, Founder, Evolv Ventures, is a financial consultant and investment banker with a focus on structured debt, MSME credit advisory, and startup fundraising. Before founding Evolv, he worked in Corporate Finance at Five Global Holdings (Dubai), where he reviewed financing agreements for a **\$200M** revolving credit facility, built the investor deck for a **\$350M** Green Bond listed on NASDAQ Dubai and the London Stock Exchange, and managed Standard & Poor's and Fitch rating queries along with regular FP&A and investor relations.

Since founding Evolv in 2024, his work has spanned credit structure analysis, lender negotiations, investor introductions, and term sheet advisory, including closing termsheets worth **INR 7 Cr+**. Additional mandates across MSME structured debt and trade finance are available on request.

Jatan is an alumnus of IIM Bangalore (MBA) and ESCP Business School, Paris (Masters in Management).

Executive Summary

OVERALL FINANCIAL HEALTH: NEEDS ATTENTION

Aranya Packtech has compounded revenue at **~19% a year**, from INR 38.6 Cr in FY24 to **INR 54.9 Cr in FY26**, on the back of two new FMCG accounts and a laminated-pouch line commissioned in FY26 - growth that keeps pace with the fastest-growing listed peers in this review. That growth has not been converting into cash. Gross margin has compressed from 24.8% to 21.4% as kraft paper and film cost increases went unrecovered in pricing, debtor days have stretched from 62 to 83, and **operating cash flow turned negative (INR -0.48 Cr) in FY26** despite INR 1.20 Cr of reported profit. The gap has been funded by a cash credit limit now **~96% utilised**, a high-cost NBFC equipment loan and unsecured promoter money, pulling interest coverage down from 4.0x to 2.9x. The business itself is fundamentally sound - the customer base, capacity and growth are real - but its funding structure and pricing discipline have not kept pace with its scale, and both are fixable.

Company: Aranya Packtech Private Limited

Industry: Packaging (Corrugated Boxes & Laminated Flexible Pouches) - FMCG and pharma supply

Revenue Band: INR 50-60 Cr (FY26, audited)

Review Period: FY24 - FY26 (3 years, all audited)

Basis of Review: Audited Financial Statements for FY2023-24, FY2024-25 and FY2025-26 (Balance Sheet, Statement of Profit & Loss, Cash Flow Statement and Notes), sanction letters for all three lender facilities, and quarterly management accounts for FY26. GST turnover (GSTR-3B) for FY26 was cross-checked against audited revenue and reconciles within 0.4%. ILLUSTRATIVE SAMPLE: the company, its directors, lenders, peers and every figure in this report are fictional and are used only to show the structure and depth of an Evolv Financial Health Review.

1. Key Financial Metrics — 3-Year Trend

Metric	FY24	FY25	FY26
Revenue (INR Cr)	38.60	46.20	54.90
Gross Profit (INR Cr)	9.57	10.67	11.75
Gross Margin %	24.8%	23.1%	21.4%
EBITDA (INR Cr)	3.71	4.02	4.34
EBITDA Margin %	9.6%	8.7%	7.9%
Net Income / PAT (INR Cr)	1.43	1.36	1.20
Net Margin %	3.7%	2.9%	2.2%
Net Working Capital (INR Cr)	3.11	3.17	2.73
Cash Flow from Operations (INR Cr)	1.95	0.62	-0.48

2. Competitive Benchmarking

This comparison uses three packaging companies chosen to bracket Aranya's positioning: Trivenia Packaging Limited (SME-listed, corrugated boxes for FMCG and e-commerce) is the closest like-for-like business at roughly twice Aranya's scale; Saranth Flexipack Limited (listed, laminated pouches and flexible packaging) shows what the flexible-packaging line Aranya entered in FY26 looks like at maturity; and Indravati Cartons Private Limited (unlisted, MCA-filed) is a near-identical-scale corrugated converter selling largely to regional FMCG and pharma buyers. Each peer's size relative to Aranya is shown in the table so that every margin comparison can be read in context. Margin and cycle-time ratios are used throughout rather than absolute INR figures, since they travel far better across companies of different size and overhead structure; all peer figures are for FY26 unless stated otherwise.

This comparison draws on publicly available data - listed-company filings and MCA records - for the peers identified above. A deeper Evolv engagement can incorporate additional private company financials and industry data for a more precise and comprehensive benchmark. (Illustrative sample: all peer names and figures are fictional.)

Peers used for this comparison:

- Trivenia — Trivenia Packaging Ltd, SME-listed - FY26 audited results approved May 2026 (unmodified opinion): revenue INR 118.4 Cr (+14.2%), EBITDA INR 14.7 Cr, PAT INR 6.6 Cr
- Saranth — Saranth Flexipack Ltd, listed - FY26 audited results approved May 2026: revenue INR 212.6 Cr (+21.8%), EBITDA INR 29.3 Cr, PAT INR 14.7 Cr; flexible packaging over 80% of revenue
- Indravati — Indravati Cartons Pvt Ltd - MCA-filed FY26 financials (AOC-4, filed September 2026): revenue INR 61.3 Cr (+9.6%), EBITDA INR 5.5 Cr, PAT INR 1.9 Cr

Metric	Client	Trivenia	Saranth	Indravati	Position
Revenue, latest FY (INR Cr)	54.90 (FY26)	118.40 (FY26)	212.60 (FY26)	61.30 (FY26)	Reference
Scale vs. Aranya	1.0x	2.2x	3.9x	1.1x	Reference
Revenue Growth (YoY, FY26)	+18.8%	+14.2%	+21.8%	+9.6%	Leading
Gross Margin (FY26)	21.4%	27.9%	29.5%	22.6%	Lagging
EBITDA Margin (FY26)	7.9%	12.4%	13.8%	9.0%	Lagging
Cash Conversion Cycle (days)	62	41	48	58	Lagging
Debt-Equity (FY26)	1.42x	0.62x	0.48x	1.10x	Lagging

Where the client is leading:

- Aranya's FY26 growth of **18.8%** outpaced both Trivenia (14.2%) and Indravati (9.6%) and sits close to Saranth (21.8%), a company nearly four times its size. Two consecutive years of ~19% growth from new FMCG accounts is a genuine commercial strength and the core of any lender or investor story.
- Entering laminated pouches in FY26 moves Aranya into the same segment that underpins Saranth's higher margins - the capacity is already installed, so the strategic step has been taken; what remains is pricing and utilisation.

Where the client is lagging:

- Gross margin trails Trivenia by **6.5 percentage points** (21.4% vs 27.9%). Both run corrugators on the same kraft paper inputs, so the gap is unlikely to be technology. Trivenia's disclosures describe quarterly raw-material price-variation clauses with its key accounts; Aranya's management confirmed its FMCG contracts are fixed-price for 12 months, which explains why FY25-26 kraft paper increases flowed straight into margin.
- Even against Indravati - a same-scale, same-customer-profile converter - Aranya trails on both gross margin (21.4% vs 22.6%) and EBITDA margin (7.9% vs 9.0%). This matters more than the gap to the larger listed players: it suggests the margin issue is not purely about scale and that pricing terms and overhead absorption on the new pouch line (still under 50% utilised) are also at work.
- Aranya's cash conversion cycle (62 days) is the longest in this comparison and has lengthened for three straight years. Trivenia runs 41 days on a similar FMCG customer base, which points to collection terms and follow-up rather than anything structural about the industry.
- At 1.42x, Aranya carries the highest leverage in the group - the growth has been debt-funded where the listed peers funded theirs largely through internal accruals and, in Saranth's case, an IPO.

Business improvement & expansion opportunities this suggests:

- Closing half the gross-margin gap to Trivenia (~3.2 points) through price-variation clauses on renewal would be worth roughly **INR 1.8 Cr of annual gross profit at FY26 revenue** - more than Aranya's entire FY26 PAT.
- Bringing the cash conversion cycle from 62 to Saranth's 48 days would release an estimated **INR 2.1 Cr of working capital**, enough to bring cash credit utilisation down from ~96% to roughly 72% without a single rupee of new borrowing.
- Raising pouch-line utilisation from under 50% toward 75% would spread its fixed cost over a larger base; at Saranth's segment margins, the laminated-pouch line is the most direct route for Aranya to move its blended EBITDA margin toward the 10%+ the listed peers report.
- The growth record itself is an asset: two years of ~19% growth with a named FMCG customer base is a credible story for a second bank or a term-debt refinancing, provided the cash flow and margin issues above are visibly being addressed.

3. Ratio Analysis

Ratio	FY24	FY25	FY26	Observation
Debtor Days	62	71	83	Lengthening by ~10 days a year. Management attributes this to the two new FMCG accounts paying on 90-day terms; the top three customers now make up 46% of FY26 revenue, so a delay at any one of them moves the whole cycle.
Inventory Days	48	52	55	Edging up as the company stocks film and kraft paper ahead of price increases and holds finished goods for the new pouch line. Reasonable in isolation, but adds to the working-capital pressure from receivables.
Payable Days	54	63	76	Stretching suppliers has absorbed most of the receivables increase - payables days rose 22 days over the period. This is not a stable funding source and carries supplier-relationship and pricing risk if continued.
Cash Conversion Cycle	56	60	62	Only modestly longer on paper because payables have been

Ratio	FY24	FY25	FY26	Observation
				stretched almost as fast as receivables. Without that offset, the cycle would be over 80 days.
Debt-Equity Ratio	1.06x	1.25x	1.42x	Borrowings grew from INR 10.4 Cr to INR 17.6 Cr while net worth grew only from INR 9.8 Cr to INR 12.4 Cr - growth has been funded with debt rather than retained earnings.
Interest Coverage Ratio	4.03x	3.41x	2.86x	Still adequate, but falling each year as finance costs (INR 0.92 Cr to INR 1.52 Cr) grow faster than EBITDA. A further year at this trajectory would bring it close to the ~2.5x level many lenders use as a comfort threshold.
Current Ratio	1.38x	1.27x	1.16x	Declining as short-term borrowings and payables grow faster than current assets - liquidity headroom is thinning.
Cash Flow from Ops vs. PAT	1.95 vs 1.43	0.62 vs 1.36	-0.48 vs 1.20	The single most important trend in this review: cumulative operating cash flow of INR 2.09 Cr over three years against INR 3.99 Cr of PAT. Profit is being booked but is increasingly locked in receivables and inventory.

4. Credit & Debt Structure Review

Aranya's total borrowings of INR 17.6 Cr at FY26 close sit across three lender facilities and an unsecured promoter loan. The primary banking relationship is a single bank (Sahyadri Commercial Bank) providing both the cash credit and the original corrugator term loan; the FY26 pouch-line machinery was financed separately through an NBFC equipment loan at a materially higher rate.

Lender	Facility Type	Sanctioned	Outstanding	Rate
Sahyadri Commercial Bank Ltd	Cash Credit (hypothecation of stock and receivables)	INR 9.00 Cr	INR 8.62 Cr (as at 31 Mar 2026)	~10.25%

Lender	Facility Type	Sanctioned	Outstanding	Rate
Sahyadri Commercial Bank Ltd	Term Loan (corrugator line, FY23)	INR 6.00 Cr	INR 3.40 Cr (as at 31 Mar 2026)	~10.50%
Kestrel Finance Ltd (NBFC)	Equipment Loan (lamination & pouch line, FY26)	INR 3.50 Cr	INR 2.88 Cr (as at 31 Mar 2026)	~13.75%
Promoters (related party, unsecured)	Unsecured loan, repayable on demand	N/A	INR 2.70 Cr (as at 31 Mar 2026)	Interest-free

Key observations:

- The cash credit limit was **~96% utilised** (INR 8.62 Cr drawn against INR 9.00 Cr) at FY26 close and, per the bank statements reviewed, has averaged above 90% for the last two quarters - there is effectively no working-capital headroom left for a business still growing at ~19%.
- The CC limit has not been enhanced since FY24, when revenue was INR 38.6 Cr. On a standard drawing-power basis against FY26 receivables and stock, the business would likely support a **materially larger limit** than it currently holds.
- The NBFC equipment loan is priced at ~13.75%, roughly **350 basis points above** the bank term loan for comparable machinery - an avoidable cost of roughly INR 0.10 Cr a year on the current outstanding.
- Promoter funding of INR 2.70 Cr sits entirely outside any lender's assessment and is repayable on demand - it has carried the cash shortfall, but is neither structured nor visible to the bank as quasi-equity.
- All institutional borrowing is with a single bank plus one NBFC; the company has not approached a second bank since the original sanction.

5. Cash Flow & Financial Planning (MIS) Review

Aranya's finance function is a two-person accounts team supported by an external CA firm. Quarterly management accounts are prepared roughly 45 days after quarter-end; there is no monthly MIS, no rolling cash forecast and no customer-level receivables ageing reviewed by the directors.

Key observations:

- Operating cash flow fell from INR 1.95 Cr in FY24 to **INR -0.48 Cr in FY26** while PAT stayed above INR 1.2 Cr every year - a pattern that was not visible to management until the FY26 audit, because there is no monthly cash reporting.
- Receivables are tracked in the accounting system but not aged by customer or reviewed against agreed credit terms; management could not confirm on the call which accounts are running beyond terms.
- Pricing decisions for contract renewals are made without a product-level costing - management does not currently know the contribution margin of corrugated versus pouch products, which makes the margin compression above difficult to diagnose or reverse.

- Quarterly accounts arriving ~45 days after quarter-end mean any problem surfaces 3-4 months after it begins - too slow for a business running its CC limit at over 90%.

6. Red Flags & Points Requiring Attention

- Operating cash flow turned **negative in FY26** (INR -0.48 Cr) against INR 1.20 Cr of PAT - the business is profitable on paper but consuming cash, and the gap has widened every year of the review period.
- Cash credit utilisation of **~96%** at year-end, with no enhancement since FY24 - a single delayed payment from a top-three customer (46% of revenue between them) could create a genuine liquidity squeeze.
- Gross margin has compressed by **3.4 percentage points** over two years (24.8% to 21.4%) because fixed-price FMCG contracts have absorbed raw material cost increases; without price-variation clauses this will continue at every input-cost cycle.
- Interest coverage has fallen from 4.03x to **2.86x** in two years and, on the current trajectory, would approach typical lender comfort thresholds within the next year.
- Payable days have stretched from 54 to 76 - suppliers are partly funding the receivables build-up, which is neither a stable nor a cost-free source of working capital.

7. Way Forward — How Evolv Can Help

This review points to more than a financing gap. It surfaces concrete opportunities for business improvement and expansion, alongside the funding and structural fixes that support them. Each priority area below is mapped to the specific Evolv service best suited to address it.

1. Install a 13-week rolling cash forecast and customer-level receivables control

Evolv Service: Financial Planning & Cashflow Advisory (vCFO)

Operating cash flow turned negative in FY26 despite INR 1.20 Cr of PAT, debtor days have stretched from 62 to 83, and there is no monthly MIS or customer-level ageing - the directors found out about the cash gap from the audit, not in real time.

Recommendation: Evolv would set up a customer-level receivables ageing tracker, a 13-week rolling cash forecast and a monthly MIS pack with variance review, delivered within 15 days of month-end. Paired with a collections protocol for the top three accounts, the target is to bring debtor days back below 70 and release an estimated **INR 2.1 Cr** of working capital. A foundational vCFO deliverable achievable within 4-6 weeks.

2. Enhance the working-capital limit and refinance the NBFC equipment loan

Evolv Service: Structured Debt & Refinancing Advisory

The CC limit is ~96% utilised and unchanged since FY24, the pouch-line machinery is financed at ~13.75% through an NBFC, and INR 2.70 Cr of demand-repayable promoter money is carrying the shortfall.

Recommendation: Evolv would prepare a credit note supporting a CC enhancement on a drawing-power basis against FY26 receivables and stock, and a takeover of the Kestrel equipment loan into bank term debt at a rate closer to the existing ~10.5% term loan. We would run this in parallel with a second bank to create competitive

tension on pricing, and propose subordinating the promoter loan so it can be recognised as quasi-equity. Roughly a 6-8 week engagement.

3. Recover the margin gap through product costing and price-variation clauses

Evolv Service: Financial Planning & Cashflow Advisory (vCFO)

Gross margin trails same-segment peer Trivenia by 6.5 points and has fallen 3.4 points in two years because fixed-price FMCG contracts absorbed kraft paper and film cost increases; the pouch line is under 50% utilised and its product-level margin is not known.

Recommendation: Evolv would build a product-level costing model (corrugated vs pouches, by key customer), identify which contracts are below target contribution, and prepare the pricing case for raw-material price-variation clauses at each renewal. Recovering half the gap to Trivenia is worth an estimated **INR 1.8 Cr of annual gross profit** at FY26 revenue, with additional upside from lifting pouch-line utilisation toward 75%.

4. Build a lender-ready credit file around the growth story

Evolv Service: Credit Readiness

Aranya's ~19% growth record and named FMCG customer base are a strong lender story, but the company has never gone to market beyond its original bank, and its declining interest coverage and negative FY26 cash flow will be the first questions any new lender asks.

Recommendation: Evolv would compile a lender-ready information memorandum - three years of audited financials, the GST reconciliation, customer and capacity profile, and a clear account of the FY26 cash flow dip alongside the corrective steps already underway - so the company approaches a second bank or a refinancing with a credible, forward-looking narrative rather than one that invites hard questions.

Next Step

In conclusion, Aranya Packtech has built a genuinely fast-growing business whose pricing discipline, cash management and funding structure now need to catch up with its scale - and each of those is addressable within the next two to three quarters. Happy to walk through these findings - including the cash flow trend and the margin gap to peers in particular - in more detail and prioritise the Way Forward items on our call.

Book a call: <https://calendly.com/jatan-evolv/connect>

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Warm regards,

Jatan Vyas

Founder, Evolv Ventures

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