



## Press Release

### Amrit Papers Private Limited

**(Erstwhile Amrit Agencies Indore Private Limited)**

**September 20, 2024**

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	169.06 (Enhanced from Rs. 165.00 crore)	IVR BBB-/Stable [IVR Triple B Minus with stable outlook]	IVR BBB-/Stable [IVR Triple B Minus with stable outlook]	Reaffirmed	<a href="#">Simple</a>
Short Term Bank Facilities	5.00	IVR A3 [IVR A three]	-	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>174.06</b> <b>[enhanced from Rs. 165.00 crore]</b>	<b>[One hundred seventy-four crore and six lakhs only]</b>			

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BBB- with stable outlook of Amrit Papers Private Limited (APPL). Infomerics Ratings has assigned the ratings of IVR A3 to the short-term enhanced facilities of the company.

The rating continues to draw comfort from experienced promoters along with long track record of operations, growing scale of operations albeit net losses reported during FY24 coupled with Promoter-backed financial support through subordinated, unsecured loans. However, these rating strengths are partially offset by leveraged debt protection metrics and geographical concentration risk. Further the company is also exposed to highly competitive and fragmented nature of industry along with low entry barriers and high competition from organized and unorganized players.

The outlook stood 'stable' on account of increasing scale of operations and moderate order book position. IVR believes the firm will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of APPL up to 31 March 2023 (refers to period April 1st, 2022, to March 31st, 2023), provisional FY24 results (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period



## Press Release

April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Sustained increase in scale of operations while achieving operating profitability.
- Sustenance of working capital cycle and improvement in financial risk profile

#### **Downward Factors**

- Any decline in revenue and continuation of net losses leading to deterioration in debt protection metrics.
- Withdrawal of subordinated unsecured loans impacting the capital structure, further leading to DSCR below unity on sustained basis.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Experienced promoters and long track record of operations:**

Amrit Papers Private Limited (APPL) has an operational track record from 1988. The Company was founded by Mr. Ravi Sethi and Mr. Manoj Bahety. Now the company is looked after by Mr. Manoj Bahety, Mr. Shreyas Bahety and Mr. Satish Dave, who are the directors of the company along with the experienced senior management, handle the day-to-day operations of the company. Long standing presence of the promoters in the industry has helped the company to build established relationships with both customers and suppliers.

- **Growing scale of operations albeit net losses reported during FY24**

The total operating income of the company grew at a CAGR of 59.43% during last 3 years ending March 31, 2024. Further, on y-o-y basis the TOI of the company grew significantly by 79.29% and stood at Rs. 478.33 crore as per the FY24 provisional financials compared to Rs. 266.78 crore during FY23 on account of commencement of manufacturing of kraft paper during FY24. The EBITDA margin of the company deteriorated by 88 bps and stood at 4.09% in FY24 compared to 4.90% in FY23 on account of increase in manufacturing



## Press Release

expenses. The company reported net losses of Rs. 19.77 crore in FY24 compared to net profit of Rs. 10.32 crore in FY23 on account of increase in interest and finance cost.

- **Promoter-backed financial support through subordinated, unsecured loans**

The promoters are continuously funding the company through unsecured loans and preference shares. During FY24, the promoters infused Rs. 29.02 crore in form of unsecured loan with lead to improvement in capital structure of the company. Although it still stood leveraged marked by overall gearing (including quasi equity) of 2.32x as on March 31, 2024, improved from 3.88x as on March 31, 2023, on account of schedule repayment of term liabilities along with consideration of unsecured loan of Rs.50.00 crore from promoters as quasi equity and infusion of unsecured loan from promoters. Unsecured loans to the tune of Rs.50.00 crore as on March 31, 2024, have been considered as quasi-equity as the same are subordinate to bank debt. The TOL/TNW stood at 2.78x as on March 31, 2024, improved from 4.30x as on March 31, 2023, on account of increase in TNW along with decline in total debt.

### Key Rating Weaknesses

- **Leveraged debt protection metrics**

The debt protection metrics of the company stood leveraged marked by ICR of 0.93x as on March 31, 2024, deteriorated from 3.38x as on March 31, 2023, on account of increase in interest and finance cost. Further, the Total debt/GCA stood high at 1518.50 years as on March 31, 2024, compared to 17.08 years as on March 31, 2023, on account of decline in GCA and increase in total debt. The DSCR stood below unity at 0.98x in FY24 compared to 3.49x in FY23.

- **Highly competitive and fragmented nature of industry along with low entry barriers with high competition from organized and unorganized players**

The Indian paper industry is highly fragmented and intensely competitive. So, the incremental raw material cost cannot be transferred to consumers due to intense competition.

The paper and packaging industry is intensely competitive with numerous unorganized players due to low entry barriers and limited product differentiation, limits the bargaining



## Press Release

power of the companies and restricts its profitability to an extent. The highly fragmented and competitive nature of the industry may impact the profitability of the players.

- **Geographical concentration risk:**

APPL's operations are mostly concentrated in Madhya Pradesh, Gujarat and Bihar with almost 84% of the revenue coming from the 3 states indicating high geographical risk.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The liquidity position of the company is adequate, marked by its sufficient cash accruals as against its repayment obligations. The Company's average fund based working capital limit utilization stood moderate at 71.81% for the last 12 months ended July 2024 indicating adequate buffer in its working capital limits. Further, the company had free cash and cash equivalents to the tune of Rs.0.50 crore as on June 30, 2024, which is expected to support the liquidity profile of the company in the near to medium term. The current ratio of the company stood moderate at 1.36x as on March 31, 2024. Further, the company expects sufficient cushion in cash accruals against its debt repayments. The company is expecting GCA in the range of Rs. 26.51 Cr. - Rs. 33.18 Cr. during FY25-27 against debt repayment of Rs. 16.21 Cr.- 17.51 Cr. in FY25-27. The Working Capital Cycle of the company stood at 41 days in FY24 which was 52 days in FY23.

### **About the Company**



## Press Release

Amrit Papers Private Limited [erstwhile Amrit Agencies (Indore) Pvt Ltd.] was incorporated in 1995 with object to deal in paper products. Earlier, the business was running as partnership concern since 1988 and then converted into private limited company in 1995. The Company was founded by Mr. Ravi Sethi and Mr. Manoj Bahety. Now the company is looked after by Mr. Manoj Bahety, Mr. Shreyas Bahety and Mr. Satish Dave, who are the directors of the company. Till FY24, the company was majorly into trading of paper, particularly newsprint, writing paper, and photocopiers, during the last financial year the company installed a manufacturing unit for kraft paper manufacturing at village Bodla, Dhar (MP) with a installed capacity of 125625 MTPA. The commercial production started from May 15, 2023.

### Financials [Standalone]:

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Provisional</b>
Total Operating Income	266.78	478.33
EBITDA	13.06	19.22
PAT	10.32	-19.77
Total Debt	198.97	195.73
Tangible Net Worth (including quasi-equity)	51.29	84.32
EBITDA Margin (%)	4.90	4.02
PAT Margin (%)	3.79	-4.12
Overall Gearing Ratio (x)(including quasi-equity)	3.88	2.32
Interest Coverage (x)	3.38	0.93

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: None

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					July 25, 2023	April 27, 2022	-
1.	Fund Based Limits	LT	169.09	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-(CWDI) April 19, 2022	-





## Press Release

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					July 25, 2023	April 27, 2022	-
						IVR BB+(INC)	
2.	Non-Fund Based	ST	5.00	IVR A3	-	April 19, 2022 IVR A4+ (INC)	-

### Analytical Contacts:

Name: Vipin Jindal

Tel: (011) 45579024

Email: [vipin.jindal@infomerics.com](mailto:vipin.jindal@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy,



## Press Release

hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Facility – Term Loan	-	-	-	June 2030	109.06	IVR BBB-/Stable
Long Term Facility – Cash Credit	-	-	-	-	60.00	IVR BBB-/Stable
Short Term Facility – Bank Guarantee	-	-	-	-	5.00	IVR A3

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-amritpapers-sep24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis:**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).