



Press Release

Shree Krishna Paper Mills & Industries Limited

February 20, 2024

Rating

Instrument/ Facility	Amount (Rs. Crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	19.53	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	Reaffirmed and withdrawn	Simple
Long Term Bank Facilities (Proposed)	5.47	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	Reaffirmed and withdrawn	Simple
Short Term Bank Facilities	12.00	IVR A4+ (IVR A Four Plus)	IVR A4+ (IVR A Four Plus)	Reaffirmed and withdrawn	Simple
Total	37.00	Rupees Thirty Seven Crore Only			

Details of facilities are in Annexure 1

Rating Action

Infomerics Valuation and Rating Private Limited (IVR) has reaffirmed and simultaneously withdrawn the long-term rating of IVR BB+/ Stable and the short term rating of IVR A4+, assigned to the bank facilities of Shree Krishna Paper Mills & Industries Limited (SKPMIL). The above action has been taken at the request of SKPMIL and 'No Objection Certificate' received from all the bankers who have extended the facilities, and which have been rated by Infomerics. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities: Not Applicable.

Key Rating Drivers with detailed description

Key Rating Strengths:

Experienced and resourceful promoters and long track of record:

Shree Krishna Paper Mills & Ind. Ltd. (SKPM) was incorporated in 1972 and has been promoted by Pasari family who has more than 4 decades of experience in the paper industry. The promoter is supported by a highly qualified and trained team to run day to day operations.



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Long-standing presence of the promoters in the industry has helped the company to establish healthy relationship with its customers and suppliers.

Reputed customer profile albeit:

Company has built robust relationship with customers. Some of the customers are associated with the company for a long time, reflecting good product quality and strong management credibility. SKPL customer profile consists of some of very well-known clients such as Daily Ajit, Amar Ujala Publications Limited, Hindustan Media Ventures Limited etc. The four-decade-long experience of the promoters, their healthy relationship with customers and suppliers, and the diversified end-user profile will continue to support the business risk profile in medium term.

Improved scale of operations:

The total operating income has substantially increased by ~71.90% to Rs. 177.88 crore in FY2023 from Rs.103.48 crore in FY2022 due to company introducing new products on account of expansion of business and adopting an aggressive marketing effort. With the increase in the total operating income, the Absolute EBITDA has also increased from Rs.7.43 crore in FY2022 to Rs. 12.04 crore in FY2023. However, in terms of percentage, EBITDA margins have moderately decreased from 7.18% in FY2022 to 6.77% in FY2023. The company has incurred losses in the last 3 years. The Absolute PBT has increased from Rs. Negative Rs.-1.71 crore in FY22 to Rs. 16.58 crore in FY 23 which includes exception item (Profit on sale of fixed assets) of Rs 13.32 crore resulting net profit from operation before tax was Rs 3.26 crore PAT has also improved from Rs. -1.31 crore in FY2022 to Rs.12.56 crore in FY2023 due to the exception items. However the net profit from operation was Rs. 2.44 crore which comes to 1.38% of total operating income.

Key Rating Weaknesses:

Susceptibility of the profitability to volatility in the raw material and power tariffs:

Raw material and power consumption constitutes a major portion of the total operating cost in FY23. The profitability margins of the company remain susceptible to volatility in the raw material prices and power tariff. Any adverse fluctuation in raw material price could impact the profitability of the company. Paper industry is a power intensive industry, and it is one of the major cost components after raw material. SKMIL is entirely dependent on State Electricity Board for supply of power.

Intense competition in the industry:

Paper industry is highly fragmented with the presence of many organised and unorganised players due to low entry barriers leading to stiff competition and pricing pressure among players in the industry.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of assigning Rating Outlook.](#)

[Policy on Withdrawal of ratings](#)

Liquidity – Strong

The liquidity position is considered adequate. The average utilisation of fund-based limits of the company remained moderate at ~68% through the last 12 months. Working capital cycle is comfortable at 30 days in FY23. The gross cash accruals were moderate at Rs. 7.04 crore in FY 23. However, the gross cash accruals are projected to improve to Rs. 6.33 crore -Rs.8.83 crore during 2023-24 against minimal debt repayment obligations in the same period. The company maintains free cash and bank balances of Rs. 0.72 crore as on March 31, 2023. The current ratio stood moderate at 1.03 times as on March 31, 2023.

About the Company

Shree Krishna Paper Mill and Industries Limited was incorporated on 14th September 1972, as a private limited company in the name of Shree Krishna Paper Products Private Limited and was converted into a public limited company on 2nd July 1986. The name was changed to Shree Krishna Paper Mills & Industries Ltd. effective 22nd October 1986. The company manufactures 15 different varieties of paper, which are used by numerous industries, consumers across the country and long-term business partners. The company has its coating division in Haryana and Paper Division in Rajasthan with a sales and distribution network across India and exports to some countries in Southeast Asia.

Financials (Standalone):

For the year ended / As on*	(Rs. in Crore)		
	31-03-2022 Audited	31-03-2023 Audited	9MFY23 Unaudited
Total Operating Income	103.48	177.88	109.14
EBITDA	7.43	12.04	5.91
PAT	-1.31	12.56	0.61
Total Debt	33.72	28.62	28.62
Tangible Net Worth	12.83	26.38	32.20
EBIDTA Margin (%)	7.18	6.77	5.41



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PAT Margin (%)	-1.26	7.05	0.56
Overall Gearing ratio (x) (Adjusted)	2.63	1.08	-

*Classification as per Infomerics' standards

Details of Non-Co-operation with any other CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Name of the Facility / Instrument	Current Rating (Year: 2023-24)					Rating History for the past 3 years		
	Type	Amount (INR Crore)	Rating	Rating (November 7, 2023)	Rating (October 19, 2023)	Date(s) & Rating(s) assigned in 2022-23 (October 13, 2022)	Date(s) & Rating(s) assigned in 2021-22 (September 14, 2021)	Date(s) & Rating(s) assigned in 2020-21 (September 22, 2020)
Fund Based	Long Term	19.53	IVR BB+/Stable (Withdrawn)	IVR BB+/Stable (Reaffirmed)	IVR BB+/Stable (Upgraded)	IVR BB/Stable	IVR BB/Negative	IVR BB/Stable
Fund Based	Long Term (Proposed)	5.47	IVR BB+/Stable (Withdrawn)	IVR BB+/Stable (Reaffirmed)	IVR BB+/Stable (Upgraded)	IVR BB/Stable	IVR BB/Negative	IVR BB/Stable
Non Fund Based	Short Term	12.00	IVR A4+ (Withdrawn)	IVR A4+ (Reaffirmed)	IVR A4+ (Upgraded)	IVR A4	IVR A4	IVR A4



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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 visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	19.53	IVR BB+/Stable



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
					(Reaffirmed and withdrawn)
Bank Guarantee	-	-	-	3.00	IVR A4+ (Reaffirmed and withdrawn)
Letter of Credit	-	-	-	9.00	IVR A4+ (Reaffirmed and withdrawn)
Proposed long term facility	-	-	-	5.47	IVR BB+/Stable (Reaffirmed and withdrawn)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ShreeKrishnaPaper-feb24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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 <http://www.infomerics.com>