

Press Release

Shri Hari Krishna Papers Private Limited

March 10, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	49.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	8.00	-	ACUITE A4+ Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	57.00	-	-

Rating Rationale

Acuite has downgraded its long term rating to '**ACUITE BB+**' (read as **ACUITE double Bplus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.57.00Cr bank facilities of Shri Hari Krishna Papers private Limited. The rating is now an indicative rating as the issuer is not cooperating, and it is based on best available information. The rating has been downgraded on account of information risk.

About the Company

Shri Hari Krishna Papers Private Limited (SHKP), incorporated in 1981, is a Tamil Nadu-based company promoted by Mr. M. Veluswamy, Mr. V. Vivek, Mr. M. Amarnath and others. The company commenced operations in 1991 to manufacture printing and writing paper, newsprint paper and MG Paper. The company has three manufacturing units located at Dindigul (Tamil Nadu) with an installed capacity of 41,500 metric tonnes per annum (MTPA). The company has expanded its capacity by another 41,500 MTPA in the year 2019. However, currently, the operational capacity stands at 70,600 MTPA.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite has endeavoured to

gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

"No information provided by the issuer / available for Acuite to comment upon."

Material Covenants

None

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook: Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	292.56	178.73
PAT	Rs. Cr.	6.34	1.51
PAT Margin	(%)	2.17	0.84
Total Debt/Tangible Net Worth	Times	0.31	0.37
PBDIT/Interest	Times	4.19	2.25

Status of non-cooperation with previous CRA

None

Any other information

Acuite is not in receipt of latest No Default Statement (NDS). Last NDS was received on September 2022.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 May 2022	Proposed Bank Facility	Long Term	10.25	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	14.75	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE BBB+ Stable (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A2 (Reaffirmed)
22 Feb 2021	Term Loan	Long Term	15.37	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	9.63	ACUITE BBB+ Stable (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE BBB+ Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Karur Vysya Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	24.00	ACUITE BB+ Downgraded Issuer not co-operating*
Karur Vysya Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE A4+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	10.25	ACUITE BB+ Downgraded Issuer not co-operating*
Karur Vysya Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	14.75	ACUITE BB+ Downgraded Issuer not co-operating*

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Katta Akhil Analyst-Rating Operations Tel: 022-49294065 akhil.katta@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.