



**Press Release**  
**Krishna Vanijya Private Limited**  
**May 29, 2024**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	80.00	ACUITE BBB   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	80.00	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating to **'ACUITE BBB' (read as ACUITE triple B)** from **'ACUITE BBB-' (read as ACUITE triple B minus)** on the Rs.80.00 Cr. bank facilities of Krishna Vanijya Private Limited (KVPL). The outlook remains **'Stable'**.

**Rationale for Upgrade:**

The rating upgrade takes into account the established track record of operations supported by long-term association with reputed clientele of KVPL, improvement in KVPL's business risk profile marked by sustained growth in scale of operations, a sustained healthy financial risk profile during FY2024. The company's revenue stood at Rs.368.18 Cr. in FY2023, implying a growth rate of ~50.37 percent against the previous year. Further, the company achieved a revenue of Rs.394.24 Cr in FY2024(Prov.). The margins during FY2024(Prov.) stood at 5.41 percent against 6.12 percent in FY2023. The financial risk profile of the company continues to be healthy with healthy debt protection metrics and gearing levels. The overall gearing of the company stood at 0.36 times as on March 31, 2024(Prov.), as against 0.56 times as on March 31, 2023. The interest coverage ratio stood at 4.17 times in FY2024(Prov.) against 3.23 times in FY2023.

The rating is, however, constrained by its moderate working capital operations and the highly competitive packaging paper industry.

**About the Company**

Incorporated in 1989, Krishna Vanijya Private Limited (KVPL) is headed by Mr. Kashi Prasad Bajaj, Mr. Vivek Bajaj and Mr. Ashutosh Bajaj. The company is engaged in the trading of paper and paper products. KVPL imports paper, paper board and specialty papers from China and Indonesia and also procures paper from domestic paper mills.

**Unsupported Rating**

Not applicable

### **Analytical Approach**

Acuité has considered the standalone business and financial risk profile of KVPL to arrive at the rating.

### **Key Rating Drivers**

#### **Strengths**

- **Established track record of operations supported by long-term association with reputed clientele**

KVPL has established a long presence for over three decades in the paper and paper products trading industry, aided by the experience of the promoter, Mr. Kashi Prasad Bajaj. The company has maintained long-term relationships with its customers, CDC Printers Private Limited, Sati Paper Traders, and The Calcutta Publishers, to name a few, and has established associations with suppliers like ITC Limited PSPD, Gold East Trading (Hongkong) Co. Ltd., and BAHF Papers Mills Ltd., thereby ensuring smooth flow of orders and execution. Acuité derives comfort from the company's long-standing operations and clientele relationships.

- **Improving scale of operations**

The company has reported significant growth in FY2023, with YOY growth of 50.37 percent, which stood at Rs. 368.18 Cr. Further, the company has achieved revenues of Rs.394.24 Cr. In FY2024 (prov.). The improvement in revenues is on account of regular order flow and execution, along with the rising demand for paper packaging from the e-commerce sector. Acuité believes that, going forward, the growing demand for environment-friendly packaging will result in the development of biodegradable packaging solutions, which will in turn support the company's revenue growth.

- **Heathy financial risk profile**

The financial risk profile of the company is healthy, with a moderate net worth, healthy gearing, and debt protection metrics. The net worth of the company stood at Rs.68.84 Cr. and Rs.57.44 Cr. as on March 31, 2024 (prov.) and 2023 respectively. The reason for the improvement in the net worth is on account of accretion of reserves. The gearing of the company stood at 0.36 times as on March 31, 2024 (prov.), against 0.56 times as on March 31, 2023. The improvement in the gearing ratio is on account of increase in the net worth position and a decrease in the debt portion. Debt protection metrics: interest coverage ratio and debt service coverage ratio stood at 4.17 times and 3.42 times as on March 31, 2024 (prov.), respectively as against 3.23 times and 2.72 times as on March 31, 2023, respectively. The debt to EBITDA of the company stood at 1.16 times as on March 31, 2024 (prov.), as against 1.41 times as on March 31, 2023. Acuité believes that going forward, the financial risk profile of the company will improve, backed by improved accruals and no major debt-funded capex plans.

## **Weaknesses**

- **Moderate working Capital Management**

The company's working capital cycle is moderate, as reflected by its GCA days at 91 days as on March 31, 2024 (prov.), as against 90 days as on March 31, 2023. Days have stood stable for the last two years of time. Inventory days stood at 23 days as on March 31, 2024 (prov.), as against 28 days as on March 31, 2023. The debtor days stood at 61 days as on March 31, 2024 (prov.), as against 62 days as on March 31, 2023. Customers are usually allowed credit for around 30 to 90 days, depending on the length of their relationship with them. Subsequently, the payable period stood at 15 days as on March 31, 2024(Prov.), as against 14 days as on March 31, 2023, respectively. Further, the average bank limit utilization in the last 6 months ended March 24 remained at ~21 percent for fund-based limits. Acuite believes that, going forward, the working capital management of the company will remain at similar levels owing to the comfortable inventory holding period but modest collection mechanism.

- **Highly competitive and fragmented industry**

The paper industry is highly competitive and fragmented marked by the presence of many organized and unorganized players in this industry, thus putting pressure on the profitability margins of the company. However, this risk is partially mitigated by

company's experienced management and long-standing relationships with its reputed clientele.

### **Rating Sensitivities**

- Sustenance of the revenue growth and improvement in profitability parameters
- Sustenance of the capital structure
- Elongation in working capital cycle

### **Liquidity Position: Adequate**

The liquidity profile of the company is adequate, marked by adequate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.12.45 Cr in FY2024 (prov.), while its maturing debt obligations were nil during the same period. Going forward, the company is expected to generate net cash accruals in the range of Rs. 15.00-18.00 Cr in FY 2025-26 against nil repayment obligations. Unencumbered cash and bank balances stood at 6.07 Cr as on March 31, 2024 (prov.). The current ratio stood at 5.31 times as on March 31, 2024 (prov.). The fund-based bank limits utilization of the company at 21 percent for fund-based, respectively, for the past 6 months ending March 2024. Acuité believes that the liquidity of the group is likely to be adequate in the near to medium term.

### **Outlook: Stable**

Acuité believes that the outlook on KVPL will remain 'Stable' over the medium term on account of the experience of the promoters, the long track record of operations, the improving business risk profile, and the above-average financial risk profile. The outlook may be revised to 'Positive' in case the company continues to register consistent growth in revenues while improving their profit margins and sustaining the capital structure. Conversely, the outlook may be revised to 'Negative' in case of a decline in the company's revenues or profit margins, or in case of deterioration in the company's financial risk profile and liquidity position.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	394.24	368.18
PAT	Rs. Cr.	11.04	10.62
PAT Margin	(%)	2.80	2.88
Total Debt/Tangible Net Worth	Times	0.36	0.56
PBDIT/Interest	Times	4.17	3.23

### Status of non-cooperation with previous CRA (if applicable)

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Mar 2023	Cash Credit	Long Term	50.00	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE BBB-   Stable (Assigned)
23 Jan 2023	Cash Credit	Long Term	50.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB+)
06 Jul 2022	Cash Credit	Long Term	30.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Secured Overdraft	Long Term	20.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
07 Apr 2021	Cash Credit	Long Term	30.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Secured Overdraft	Long Term	20.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
CITI Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE BBB   Stable   Upgraded ( from ACUITE BBB- )
Standard Chartered Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE BBB   Stable   Upgraded ( from ACUITE BBB- )

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### 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.

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