



Press Release
KRISHNA VANIJYA PRIVATE LIMITED
August 26, 2025
Rating Reaffirmed

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|------------------|----------------------------------|-------------------|
| Bank Loan Ratings | 80.00 | ACUITE BBB Stable Reaffirmed | - |
| Total Outstanding Quantum (Rs. Cr) | 80.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has reaffirmed the long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Bo**)n the Rs.80.00 Cr. bank facilities of Krishna Vanijya Private Limited (KVPL). The outlook remains ‘**Stable**’.

Rationale for Rating

The rating reaffirmation reflects moderation in operating performance and stable business risk profile. Further, the rating also factors in the experienced management, strong relationships with well-known clients and healthy financial risk profile. However, these strengths are offset by such as moderately intensive working capital management and susceptibility of profitability to volatility in material prices, forex risk in an intensely competitive paper and 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

Acuite 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 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 BAHL Papers Mills Ltd., thereby ensuring smooth flow of orders and execution. Acuite derives comfort from the company’s long-standing operations and clientele relationships.

Moderation in operating performance

The revenues have moderated and stood at Rs. 393.44 Cr. in FY2025 (Prov.) as against Rs. 394.24 Cr. in FY2024. In Q1FY2026, the company has reported revenue of Rs. 88.60 Cr. The Profitability margins stood stable since last

two years with EBITDA margin at 5.35 per cent in FY2025 (Prov.) as against 5.40 per cent in FY2024. Net Profit margin has also stood comfortable at 2.90 per cent in FY2025 (Prov.) as against 2.85 per cent in FY2024. The improvement in PAT margins is mainly due to decrease in interest cost. Acuite believes that the operating performance of the company would remain steady on the back of stable business risk profile.

Heathy financial risk profile

The financial risk profile of the company is healthy with moderate net worth, healthy gearing and debt protection metrics. The net worth of the company stood at Rs.80.04 Cr. and Rs.68.69 Cr. as on March 31, 2025 (Prov.) and 2024 respectively. The reason for improvement in the net worth is on account of accretion of reserves. The gearing of the company stood at 0.35 times as on March 31, 2025 (Prov.), against 0.36 times as on March 31, 2024. Debt protection metrics – Interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood at 4.34 times and 3.61 times as on March 31, 2025 (Prov.), respectively as against 4.17 times and 3.46 times as on March 31, 2024 respectively. The debt to EBITDA of the company stood at 1.31 times as on March 31, 2025 (Prov.), as against 1.16 times as on March 31, 2024. Acuite believes that, the financial risk profile of the company would remain healthy on the back of comfortable net worth base.

Weaknesses

Moderately intensive working capital operations

Company's working capital cycle is moderately intensive as reflected in its gross current asset (GCA) days at 98 days as on March 31, 2025 (Prov.), as against 90 days as on March 31, 2024. Inventory days stood at 30 days as on March 31, 2025 (Prov.), as against 23 days as on March 31, 2024. The debtor days stood at 68 days as on March 31, 2025 (Prov.), as against 61 days as on March 31, 2024. Customers are usually allowed credit of around 30 to 90 days depending on the length of relationship with them. Subsequently, the payable period stood at 17 days as on March 31, 2025 (Prov.), as against 15 days as on March 31, 2024, respectively. Further, the average bank limit utilization in the last 6 months ended Jun 25 remained low at ~12 per cent. Acuite believes, the working capital operations of the company would remain moderately intensive on the back of elongated debtor days.

Susceptibility of profitability to volatility in material prices and Forex Risk in an intensely competitive industry.

KVPL imports ~49 per cent of its products and hence it is susceptible to the fluctuations in foreign exchange fluctuation. The company currently does not hedge. The prices are also highly volatile depending on its availability, and the company cannot pass on the price rise in entirety to its customers due to heavy competition. This keeps the margins exposed to market conditions. 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
- Changes in the financial risk profile
- Elongation in working capital cycle

Liquidity Position

Adequate

The liquidity profile of the company remained adequate, marked by adequate net cash accruals to its maturing debt obligation. The company generated cash accruals of Rs.12.79 Cr. in FY2025 (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. 14.00-15.00 Cr. in FY 2026-27 against nil repayment obligations. The current ratio stood at 3.30 times as on March 31, 2025 (Prov.). Further, the average bank limit utilization in the last 6 months ended Jun 25 remained low at ~12 per cent for fund-based limits. Acuite believes that the liquidity of the company is likely to be adequate in the near to medium term. Further the company maintains cash and bank balance of Rs. 0.08 Cr. in FY25 (Prov.).

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 25 (Provisional) | FY 24 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income | Rs. Cr. | 393.44 | 394.24 |
| PAT | Rs. Cr. | 11.39 | 11.24 |
| PAT Margin | (%) | 2.90 | 2.85 |
| Total Debt/Tangible Net Worth | Times | 0.35 | 0.36 |
| PBDIT/Interest | Times | 4.34 | 4.17 |

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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 |
|-------------|--------------------------------|-----------|-----------------|--|
| 29 May 2024 | Cash Credit | Long Term | 50.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Cash Credit | Long Term | 30.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| 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*) |

Annexure - Details of instruments rated

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

Contacts

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About Acuité Ratings & Research

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