



**Press Release**  
**KRISHNA TISSUES PRIVATE LIMITED**  
**March 10, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	319.95	ACUITE BBB+   Stable   Reaffirmed	-
Bank Loan Ratings	134.27	-	ACUITE A2   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	454.22	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the bank facilities of Rs.454.22 Cr. of Krishna Tissues Private Limited. The outlook remains '**Stable**'.

**Rationale for Rating**

The rating takes into cognizance the steady scale of operations albeit a decline in operating income in FY24 which can be attributed to high volume growth that was offset by correction in average prices of paper and also due to geo-political issue. However, the price realization was lower due to the volatile nature of paper industry. In 9MFY2025, the revenues of the Company were at Rs. 564.72 Cr. The EBITDA margin of the company improved in FY2024 due to better costs management. The rating also derives comfort from the experienced management and moderate financial risk profile of the company characterized by strong net worth base and comfortable gearing. The company's liquidity position is adequate marked by steady cash accruals to repay debt obligations, surplus cash balances and moderate bank limit utilization and current ratio. These strengths are however, partly offset by the working capital-intensive operations of the company and high competition in the paper Industry. Furthermore, the stretched working capital cycle of the Company as reflected from Gross Current Assets (GCA) of 302 days in FY2024 as compared to 261 days in FY2023 mainly due to increase in inventory holdings and other current assets on account of advances paid to trade creditors for pre-booking the materials, balances with revenue authorities and other recoverable and advances.

**About the Company**

Incorporated in 2005, Krishna Tissues Private Limited (KTPL) is engaged in the manufacture of duplex board for primary packaging and kraft paper used in manufacturing kraft board which in turn is widely used in secondary packaging. The company is headed by Mr. Jyoti Kumar Bajaj and Mr. Kanti Kumar Bajaj. KTPL has the largest integrated duplex board unit in West Bengal and is one of the largest manufacturers of kraft paper in India. It has two units with different product lines - one is coated duplex board unit with current capacity of 115,500 MTPA in Ghoraghata, Bagnan, West Bengal and the other is kraft paper unit with a capacity of 180,000 MTPA in Burdwan, West Bengal.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

### **Key Rating Drivers**

#### **Strengths**

**Experienced management supported by geographical presence**

KTPL is promoted by Mr. Jyoti Kumar Bajaj and Mr. Kanti Kumar Bajaj having decades of experience in the paper manufacturing and trading business. The management has aided in the company's geographical divergence into countries like China, Bangladesh, Singapore, to name a few. Due to existing crisis in Bangladesh, the management has now gradually shifted its focus to domestic market, expanding in China as well as exploring Middle East countries. The company import raw materials mainly from South America and Europe driven by high fibre content and not subject to recycling. Acuite derives comfort from the company's diversified presence and from the extensive experience of the promoters.

### **Improvement in margins**

The EBITDA margins stood at 13.64 percent in FY24 as against 11.67 percent in FY23. KTPL operates a captive coal-based power plant located at Burdwan. This facility meets most of the company's power requirements that led to decrease in power costs. The location of facility is situated near coalfields that facilitates easy transit and availability of coal. Additionally, Burdwan being known for rice bowl of Bengal that ensures a steady supply of paddy husk, main raw material for paper, at cheaper rates. This also led to decrease in raw material prices. The increase in margin is due to better cost management. The PAT margin stood at 3.06 percent in FY24 as against 2.39 percent in FY23. The EBITDA margin and PAT margin stood at 12.84% and 3.55% respectively till December 2024. Acuite believes that the margins will remain on similar levels over the medium term.

### **Moderate financial risk profile**

The company's financial risk profile is moderate marked by high networth along with comfortable gearing and low debt protection metrics. The tangible net worth of the company increased to Rs.409.33 Cr. as on 31st March 2024 from Rs.380.59 Cr. as on 31st March 2023 due to accretion of reserves. Acuite has treated unsecured loans of Rs.156.58 Cr. as quasi equity as the management has undertaken to maintain this amount in the business till the tenure of bank facilities. The company also maintains Compulsorily Convertible Preference Share capital of Rs.8.01 Cr. in FY24 which has been treated as quasi equity. The Gearing of the company stood comfortable at 0.74 times as on 31st March 2024 as compared to 0.86 times as on 31st March 2023. The gearing reduced as the company has prepaid and closed bank loans in the month of June 2024. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.51 times as on 31st March 2024 as against 1.61 times as on 31st March 2023. The Interest Coverage Ratio stood at 1.90 times as on March 31, 2024. However, the Debt Service coverage ratio stood low at 0.89 times as on 31st March 2024 due to prepayment of loans which were met out of unsecured loan infusion. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.12 times as on 31st March 2024. Acuite believes that going forward the financial risk profile of the company will improve backed by steady accruals and no major debt funded capex plans.

### **Weaknesses**

#### **Decline in operating income**

The operating income of KTPL stood at Rs. 736.58 Cr. in FY24 as against Rs.778.30 Cr. in FY23. The marginal decline was due to volume driven growth that was offset by correction in average prices of paper. Secondly, it was also due to geo-political issue particularly leading to disruption in global trade flows due to logistical issues at Red Sea. The imports and exports were affected as the crisis led to delayed shipments and increased logistics challenges. Further the company has achieved Rs.564.72 Cr. till December 2024. Acuite believes the scale of operations will improve over the medium term with stabilisation of markets.

#### **Working capital intensive nature of operations**

KTPL's operations are working capital intensive as reflected in increasing Gross Current Assets (GCA) of 302 days in FY2024 as compared to 261 days in FY2023. The high GCA days are majorly due to elongated inventory cycle and other current assets. The inventory period increased to 238 days in FY2024 as compared to 177 days in FY2023 mainly due to the crisis. The company was bound to maintain high inventory levels that ensures uninterrupted production and also negotiate better prices with suppliers. However, the debtor period stood comfortable at 44 days in FY2024 as compared to 49 days in FY2023. The credit with customers is around 40-60 days. The other current assets are on account of balance with revenue authorities (indirect taxes) of Rs.42.78 Cr, advances to trade creditors of Rs. 11.82 Cr, advance for construction of office of Rs.8.23 Cr. and claims and demurrages receivable from suppliers of Rs.7.55 Cr. Against this, creditor days stood at 168 days as on March 31, 2024, as against 134 days as on March 31, 2023. The credit terms with their suppliers in an average is around 3 months and backed by Letter of Credit. Acuite believes that, going forward, the working capital management of the company will marginally improve over the medium term.

### **Rating Sensitivities**

- Movement in operating income
- Working capital cycle especially inventory days

### **Liquidity Position Adequate**

The company's liquidity position is adequate marked by steady cash accruals against nil debt repayment obligations

in FY2025. However in FY2024, the net cash accruals stood at Rs.35.26 Cr. against debt repayment of Rs.45.71 Cr. The company made prepayment of loans through infusion of unsecured loans. The promoters also have the flexibility to bring in unsecured loans and compulsory convertible preference shares in the business treated as quasi equity which cumulatively stood at Rs. 164.59 Cr. as on March 31, 2024. The unencumbered cash balance stood at Rs.10.73 Cr. in FY2024 as against Rs.9.62 Cr in FY2023. The working capital requirement also remains intensive as reflected by high GCA days of 302 days in FY2024 as compared to 261 days in FY2023 due to prolonged inventory cycle. The current ratio stood low at 1.10 times as on 31st March 2024 as compared to 1.03 times as on 31st March 2023. The fund-based bank limit utilisation stood at 79.40 per cent, bank guarantee at 42.73 percent and letter of credit at 83.09 percent over the six months ended December 2024. Acuite believes that going forward the liquidity position of the company will continue to remain adequate due to steady accruals, absence of debt funded capex plans, low current ratio albeit a high working capital cycle.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	736.58	778.30
PAT	Rs. Cr.	22.53	18.57
PAT Margin	(%)	3.06	2.39
Total Debt/Tangible Net Worth	Times	0.74	0.86
PBDIT/Interest	Times	1.90	2.05

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

Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
28 Mar 2024	Letter of Credit	Short Term	3.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Letter of Credit	Short Term	12.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Bank Guarantee (BLR)	Short Term	9.27	ACUITE A2 (Downgraded from ACUITE A2+)
	Letter of Credit	Short Term	54.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Letter of Credit	Short Term	46.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Term Loan	Long Term	4.70	ACUITE BBB+   Stable (Downgraded from ACUITE A-   Stable)
	Term Loan	Long Term	7.80	ACUITE BBB+   Stable (Downgraded from ACUITE A-   Stable)
	Cash Credit	Long Term	110.20	ACUITE BBB+   Stable (Downgraded from ACUITE A-   Stable)
	Cash Credit	Long Term	55.44	ACUITE BBB+   Stable (Downgraded from ACUITE A-   Stable)
	Proposed Long Term Bank Facility	Long Term	59.81	ACUITE BBB+   Stable (Downgraded from ACUITE A-   Stable)
	Cash Credit	Long Term	34.80	ACUITE BBB+   Stable (Downgraded from ACUITE A-   Stable)
	Cash Credit	Long Term	47.20	ACUITE BBB+   Stable (Downgraded from ACUITE A-   Stable)
06 Jan 2023	Cash Credit	Long Term	47.20	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	3.33	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	1.27	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	58.27	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	8.61	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	75.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	35.20	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	55.44	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.83	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	4.80	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	3.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	9.27	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	46.00	ACUITE A2+ (Reaffirmed)

	Letter of Credit	Short Term	54.00	ACUITE A2+ (Reaffirmed)
14 Apr 2022	Cash Credit	Long Term	75.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	47.20	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	43.44	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	3.33	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	1.27	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	84.73	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	16.66	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	49.32	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	34.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	3.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	9.27	ACUITE A2+ (Reaffirmed)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A2   Reaffirmed
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.27	Simple	ACUITE A2   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	110.20	Simple	ACUITE BBB+   Stable   Reaffirmed
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	55.44	Simple	ACUITE BBB+   Stable   Reaffirmed
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	47.20	Simple	ACUITE BBB+   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	34.80	Simple	ACUITE BBB+   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	46.00	Simple	ACUITE A2   Reaffirmed
Indian Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A2   Reaffirmed
UCO Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A2   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	54.00	Simple	ACUITE A2   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	72.31	Simple	ACUITE BBB+   Stable   Reaffirmed



## Contacts

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### About Acuité Ratings & Research

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