



Press Release
FIBREMARX PAPERS PRIVATE LIMITED
November 07, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	48.85	ACUITE B+ Stable Assigned	-
Bank Loan Ratings	2.50	-	ACUITE A4 Assigned
Total Outstanding Quantum (Rs. Cr)	51.35	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating to '**ACUITE B+**' (read as **ACUITE B plus**) and its short-term rating to '**ACUITE A4**' (read as **ACUITE A four**) on the bank facilities of Rs. 51.35 Crore of Fibremarx Papers Private Limited (FPPL). The outlook is '**Stable**'.

Rationale for rating

The rating reflects established track record of the management for more than a decade in the same line of industry. The rating gets comfort from improving operations, profitability and moderate financial risk profile. However, rating is constraint due to intensive working capital operations and poor liquidity profile of the company.

About the Company

Delhi based, Fibremarx Papers Private Limited (FPPL) was incorporated in the year 2006. The company is engaged in the manufacturing of writing printing paper & newsprint paper. The plant operationalized in 2008 with the capacity of 6000 MTPA. The company is managed by Mr. Jasdeep Singh Goraya and Ms. Mehak Kaur having more than a decade experience in manufacturing and trading of writing paper.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken standalone financial and business risk profile of Fibremarx Paper Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Benefits derived from Experienced Management

The company is managed by Mr. Jasdeep Singh Goraya and Ms. Mehak Kaur having more than a decade experience in manufacturing and trading of writing paper. The company is into recycling wastepaper into writing paper, newsprint and Kraft paper. The main raw material used by the company is wastepaper and wood pulp which is procured domestically and imported. Acuite believes with his experience the company will benefit from acquiring new customers in near to medium term.

Decline in Scale of Operations albeit improved Profitability

The revenue from the operations of the company has declined by 8.35%, thereby reducing the topline from Rs.

192.91 Cr. in FY 2023 to Rs. 176.80 Cr. in FY 2024. This is mainly due to decline in the average price realization per kg. However, the company has sold more quantity in this fiscal year 23-24 as compared to previous year. The operating margin of the company improved by 139 bps in FY 2024. The operating margin of the company stood at 5.98% in FY 24 against 4.59% in FY 23. The Net margin improved by 74 bps which stood at 0.75% in FY 24

against 0.01% in FY 23. The net profit of the company is Rs. 1.33 Cr. in FY 2024 against the Rs. 0.01 Cr. in FY 2023. The company has recorded the revenue from operations for Rs. 58 Cr. till 31st August 2024 with net profit of Rs. 0.51 Cr. Acuite believes the scale of operations will improve in medium term with the operationalizing of unused machinery for manufacturing board, packaging products, etc.

Weaknesses

Average Financial Risk Profile

The company's financial risk profile is marked by average net worth marked by moderate capital structure and weak debt protection metrics. The tangible net worth of the company improved to Rs. 35.18 Cr. as on March 31, 2024, from Rs. 33.85 Cr. as on March 31, 2023, due to small accretion of profits in reserves. The Gearing of the company stood at 1.15 times as on March 31, 2024 against 1.28 times as on March 31, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood high at 3.43 times as on March 31, 2024 against 3.71 times as on March 31, 2023. Further, the coverage indicators of the company are weak reflected by DSCR which stood at 0.92 times as on March 31, 2024. However, Interest coverage ratio of the company stood at 1.91 times as on March 31, 2023. The ROCE of the company is 9.41% in FY 24. Acuite believes that going forward the financial risk profile of the company is expected to improve backed by steady accruals.

Working Capital Operations

The working capital operations of the company is intensive marked by high Gross Current Assets (GCA) of 203 days for FY 23-24 against 193 days for FY 22-23. This is mainly due to inventory holding i.e. 166 days for FY 24 against 156 days in FY 23. The company hold the inventory for a longer period to meet un-anticipated demand for products in unseasonal periods. Majorly, the writing paper demand gets high in the last quarter when the new session is about to start in the education industry. However, the company must stock up for whole year to meet the demand. The debtor and creditor days are as 29 days & 84 days respectively for FY 23-24.

Acuite believes the working capital operations of the company will be intensive in near future due to nature of the business.

Rating Sensitivities

- Movement in scale of operations & profitability.
- Improvement in debt protection metrics.
- Working Capital Operations.

Liquidity Position

Poor

The company has poor liquidity marked by generating net cash accruals of Rs. 4.53 Cr. in FY 23-24 against the maturing debt obligations of Rs. 5.45 Cr. for the same year. The gap in the debt obligation for the year is met by infusion of additional unsecured loans from the promoters of Rs. 2.70 Cr. in FY 23-24. The company has a free cash of Rs. 0.37 Cr. as on 31st March 2024. The current ratio of the company is 1.35 times for FY 23-24. The average fund-based limits for last six months ended September 2024 is 99.30%. The liquidity of the company is expected to improve as the company is expecting to generate steady cash accruals in over the medium term indicating availability of funds in near future.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	176.80	192.91
PAT	Rs. Cr.	1.33	0.01
PAT Margin	(%)	0.75	0.01
Total Debt/Tangible Net Worth	Times	1.15	1.28
PBDIT/Interest	Times	1.91	1.62

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

None

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. 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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	27.00	Simple	ACUITE B+ Stable Assigned
Uttarakhand State Co-operative Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE B+ Stable Assigned
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.50	Simple	ACUITE A4 Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.73	Simple	ACUITE B+ Stable Assigned
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2025	3.25	Simple	ACUITE B+ Stable Assigned
Uttarakhand State Co-operative Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2025	0.87	Simple	ACUITE B+ Stable Assigned

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About Acuité Ratings & Research

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