



Rating Rationale

Shree Badri Kedar Papers Pvt. Ltd.

28 May 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 25.89 Crores of Shree Badri Kedar Papers Pvt. Ltd..

Particulars

Facility	Amount (Cr)	Tenure	Previous Rating(2017)	Rating*
Fund Based Cash Credit Term Loan	15.00 7.89	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR B+ (Pronounced as BWR Single B plus) Outlook: Stable (Downgrade)
Non Fund Based ILC	3.00	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A four)
Total	25.89	INR Twenty Five Crore Eighty Nine Lakh Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financials of FY-17, Provisionals of FY-18, publicly available information and information/clarification provided by the Company.

The rating draws comfort from experienced management and consistent top line. The rating is however, constrained by below benchmark coverage ratios, declining profitability margins and stressed liquidity.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced Management:** Shree Badri Kedar Paper Pvt Ltd incorporated in the year 1985 and since then it is engaged in manufacturing and supplying of papers. Management has more than three decades of experience in the same line of business.
- **Maintaining Top Line:** Company has shown consistency in maintaining top line. It has achieved turnover of Rs 50.34 Cr for FY17 as against Rs 51.21 Cr for FY-16. Turnover has also shown

28 May 2018



upward trend as per the provisional financials submitted by the client for FY-18 as sales increased to Rs 67.69 Cr for FY-18.

Credit Risks:

- **Below Benchmark Coverage Ratios:** Coverage Ratios such as ISCR and DSCR is 1.05X and 0.91X respectively for FY-17. Net Cash Accrual to Total Debt is also very low at 0.06X for FY-17.
- **Declining Profit Margins:** PAT Margin and Operating Profit Margin decreased to 0.70% and 6.77% for FY17 as against 1.42% and 7.79% For FY16 respectively.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Shree Badri Kedar Papers Pvt. Ltd.** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures and liquidity deteriorates any further.

About the Company

M/s Shree Badri Kedar Papers Pvt Ltd was incorporated on Oct 9, 1985. Registered office located at Badrinath Marg, Kotdwara, Uttarakhand and manufacturing unit located at Najibadab, UP. Company is engaged in manufacturing of Kraft paper with installed production of 60 MTons per hour and utilizing 90 to 95% of installed capacities.

Manufacturing process- converting waste paper to pulp and pulp to Kraft paper.

Company Financial Performance

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type			
Operating Revenue	₹ Cr	47.56	48.35
EBITDA	₹ Cr	3.22	3.77

28 May 2018

PAT	₹ Cr	0.33	0.69
Tangible Net worth	₹ Cr	12.99	12.66
Total Debt/Tangible Net worth	Times	1.97	1.82
Current Ratio	Times	1.21	1.18

Rating History for the last three years

Instrument /Facility	Current Rating (2018)			Rating History		
	Tenure	Amount (₹ Crs)	Rating	2017	2016	2015
Fund Based Term Loan Cash Credit	Long Term	7.89 15.00	BWR B+ Outlook: Stable Downgrade	BWR BB Outlook: Stable Upgrade	NA	BWR BB- Outlook: Stable
Non Fund Based ILC	Short Term	3.00	BWR A4	BWR A4	NA	BWR A4
Total		25.89	₹Twenty Five Crore Eighty Nine Lakh Only			

Status of non-cooperation with previous CRA (if applicable)-NA
Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website



Analytical Contacts	Media
<i>Satvinder Kumar Gakhar</i> <i>Deputy General Manager-Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

28 May 2018