

Shree Rama Newsprint Limited

April 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	12.42 (Reduced from 24.89)	CARE BB; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	20.74	CARE BB; Stable / CARE A4	LT rating reaffirmed and ST rating assigned
Long Term / Short Term Bank Facilities	2.00	CARE BB; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Shree Rama Newsprint Limited (SRNL) continue to remain constrained due to its modest scale of operations from packaged drinking water bottling division with continued losses at PAT level post closure of loss-making paper division and leveraged capital structure.

The ratings of SRNL, however, continue to derive strength from its experienced and resourceful parent - Riddhi Siddhi Gluco Biols Limited (RSGBL) which has extended need based financial support and strategic location of plant with availability of large land parcel and captive power plant.

Rating sensitivities: Factors likely to lead to rating actions

Positive Factors

- Improvement in scale of operations with PBIDLT margin over 10% on sustained basis
- PBIDLT interest coverage ratio more than 1.25 times on a sustained basis

Negative Factors

- Change in RSGBL's stance to support the operations of SRNL and/or deterioration in the credit profile of RSGBL
- Significant deterioration in the debt coverage indicators of the company

Analytical approach: Standalone

Outlook: Stable

The "Stable" outlook reflects CARE Ratings Ltd.'s expectation that the company shall continue to benefit from its resourceful parent and established operations of its bottling plant.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations of its packaged drinking water bottle plant

SRNL had commissioned its integrated packaged drinking water bottle plant in July 2019 with installed capacity of 2534.4 lakh bottles per annum funded through unsecured loans from RSGBL. SRNL is engaged in co-packing of water bottles for established and reputed customers of "Clear" brand. Packaged water bottle of 200 ml formed 54% of total volume and remaining was contributed by 500 ml, 1 litre and 2 litre bottles. Further, the plastic material used by SRNL in manufacturing the plastic bottles is of bio-degradable grade and hence serves as a premium segment class quality.

The total operating income (TOI) remained stable at Rs. 47.04 crore in FY24 as compared to Rs.46.70 crore in FY23 with stable sales volume. PBIDLT margin however improved during FY24 to 13.93% as compared to 9.53% in FY23 on account of moderation in raw material prices and lower employee and energy cost. The company reported TOI of Rs. 32.81 crore with PBIDLT margin of 25.66% during 9MFY25.

Losses from discontinued operations due to shutting down of paper division

The company has shut down its paper division manufacturing facility permanently with the approval from Board of Directors and decided not to pursue the business of the paper division in near future, therefore non-current assets including plant and machineries along with other assets associated with the paper division are considered as held for sale / discontinued operations. These assets amounted to Rs. 222.51 crore against which the liabilities associated was Rs. 122.84 crore as on March 31, 2024.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

During FY24, SRNL has incurred losses from discontinued operations amounting to Rs.15.45 crore which pertains to the interest on zero coupon debentures (ZCD) which will be redeemed during FY26 - FY28 and operational expenses incurred for sale of assets. During 9MFY25, it has further reported losses from discontinued operations of Rs.78.96 crore out of which Rs.69.56 crore pertains to impairment losses.

High debt levels resulting in leverage capital structure

The capital structure of SRNL remained leveraged marked by overall gearing of 4.84x as on March 31, 2024 (PY: 3.25x) on account of continued losses due to closure of paper division and increasing debt levels. Despite no term debt obligations in the continuing operations, the total debt remained high at Rs.445.50 crore as on March 31, 2024 out of which Rs. 350 crore pertains to preference shares issued to its parent, RSGBL, Rs. 81.52 crores pertains to discontinued operations (which includes term loan and zero coupon debentures) and Rs. 13.95 crore of unsecured loans from its parent. As per management discussion, the dividend on NCRPS would be cumulative in nature but would be payable only when the company reports sufficient profits for repayment. The company has term debt and debentures outstanding pertaining to the discontinued operations, the repayment of which shall be made from sale of assets from discontinued operations (i.e. paper division) and and if required, by way of infusion of unsecured loans from parent, RSBGL as articulated by the management.

Key strengths

Experienced and resourceful parent

Mr Ganpatraj Chowdhary, is the Chairman of SRNL and his son, Mr Siddharth Chowdhary, who possesses more than a decade long experience is managing various businesses, looks after the overall operations of the company. The Chowdhary family has rich experience in corn and corn product industry through a venture namely RSGBL which was promoted by Mr Ganpatraj along with other family members in 1994 for manufacturing of starch and starch derivatives. At present, RSGBL on standalone level generates wind energy, trades in agricultural commodities and is engaged in investment activities.

On Standalone level, RSGBL had liquid investment of around Rs.339.39 crore (including investment in PE funds) as on March 31, 2024 vis-à-vis its total debt obligation of Rs.58.76 crore. Apart from the available liquid investment, RSGBL has also extended short term Inter-corporate deposits (ICDs) to various parties. RSGBL further derives financial flexibility by virtue of its comfortable standalone leverage marked by overall gearing of 0.04 times as on March 31, 2024.

Demonstrated support from RSGBL, the parent of SRNL

RSGBL, promoter of SRNL, has gradually increased its equity stake in SRNL over the period of last few years. As on December 31, 2024, RSGBL held 74.76% equity stake in SRNL. Apart from equity investment, RSGBL has also extended funds in the form of preference shares/ unsecured loans of Rs.363.20 crore as on December 31, 2024 (Rs. 376.29 crore as on December 31, 2023).

Liquidity: Stretched

The liquidity of SRNL remained stretched due to low cash profit from continuing operations and high reliance on support from its parent, RSGBL for overall operations and debt servicing. Cash and Bank balance remained low at Rs. 0.23 crore as on March 31, 2024 (Rs. 0.03 crore as on December 31, 2024). However, during 9MFY25, the company generated gross cash accruals of Rs. 8.42 crore from its continuing operations.

The repayment of term loan and debentures pertaining to the discontinued operations would be funded from sale of assets from discontinued operations and if required, infusion of funds from parent, as communicated by the management. The company has reduced all working capital borrowings and remained nil utilization except overdraft facility as on December 31, 2024.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Plastic Products - Consumer

Incorporated in 1994, SRNL was initially promoted by Mr. Vashu Ram Singhani. Subsequently, in the year 2003, West Coast Paper Mills Limited (WCPM) along with its promoters acquired the majority stake in SRNL. However, during FY16, RSGBL acquired the majority stake from WCPM and its promoters.

SRNL is engaged in production of packaged drinking water bottle of “clear” brand from July 2019 having installed capacity of 2534.4 lakh bottles per annum as on December 31, 2024. SRNL sells water bottle to established and reputed customers of “Clear” brand. The paper division was discontinued in FY23. Further, SRNL has a captive coal-based power plant which has power generation capacity of 23 MW.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	46.70	47.04	32.81
PBILDT	4.45	6.55	8.42
PAT	-116.29	-32.91	-21.97
Overall gearing (times)	3.25	4.84	5.19
Interest coverage (times)	NR	NR	NR

A: Audited, UA: Unaudited, NR: Not relevant; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2026	12.42	CARE BB; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	20.74	CARE BB; Stable / CARE A4
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	2.00	CARE BB; Stable / CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (24-Mar-22)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	20.74	CARE BB; Stable / CARE A4	1)CARE BB; Stable (01-Apr-24)	1)CARE BB; Stable (06-Apr-23)	1)CARE BB; Stable (21-Apr-22) 2)CARE D (07-Apr-22)	1)CARE BB (CW with Developing Implications) (24-Mar-22)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	2.00	CARE BB; Stable / CARE A4	1)CARE BB; Stable / CARE A4 (01-Apr-24)	1)CARE BB; Stable / CARE A4 (06-Apr-23)	1)CARE BB; Stable / CARE A4 (21-Apr-22) 2)CARE D / CARE D (07-Apr-22)	1)CARE BB / CARE A4 (CW with Developing Implications) (24-Mar-22)
4	Fund-based - LT-Term Loan	LT	12.42	CARE BB; Stable	1)CARE BB; Stable (01-Apr-24)	1)CARE BB; Stable (06-Apr-23)	1)CARE BB; Stable (21-Apr-22) 2)CARE D (07-Apr-22)	1)CARE BB (CW with Developing Implications) (24-Mar-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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