

Skywin Paper Industries Private Limited

April 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	38.12	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	30.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB-; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	2.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. (CARE Ratings) has been seeking information from Skywin Paper Industries Private Limited (SPIPL) to monitor the rating(s) vide e-mail communications March 18, 2025, March 07, 2025, February 25, 2025, February 07, 2025, January 06, 2025, and December 18, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating based on the best available information which however, in CARE Ratings opinion is not sufficient to arrive at a fair rating. Further, SPIPL has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on SPIPL bank facilities will now be denoted as **CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Revision in ratings assigned to the bank facilities of SPIPL is on account of non-availability of requisite information despite repeated requests.

Ratings assigned to the bank facilities of SPIPL continue to remain constrained on account of its nascent stage of operations, moderate capital structure as well as debt coverage indicators and stretched liquidity position during 8MFY23 (FY refers to August 01 to March 31) and FY24 (FY refers to April 01 to March 31). Ratings, further, remained constrained on account of environment risk associated with paper processing mills, profitability susceptible to volatility in raw material prices and forex rate and highly fragmented and cyclical paper industry. Ratings, also factors in ongoing debt funded capex.

The ratings, however, continue to derive strength from experienced promoters and location advantage.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity shall sustain its moderate financial risk profile over the medium term.

Detailed description of key rating drivers

At the time of last rating on April 02, 2024, the following were the rating strengths and weaknesses considered (updated for the audited financials of FY24).

Key weaknesses

Nascent stage of operations

In August 2022, SPIPL completed capex of setting up of Kraft Paper Manufacturing unit at Surat, Gujarat with total installed capacity of 65700 Metric Tons per day (MTPD), thus reflecting limited track record.

During 8MFY23 (refers to August-March 2023) SPIPL has achieved total operating income (TOI) of Rs.74.42 which grew to Rs.141.25 crore in FY24, on account of full year of operation. SPIPL has reported moderate profit margins marked by profit before interest, lease, depreciation and tax (PBILDT) margin of 7.58% (FY23: 6.83%) and profit after tax (PAT) margin of 2.85% (FY23: 3.84%) in FY24.

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

Moderate capital structure and debt coverage indicators

The capital structure of SPIPL remains moderate, marked by an overall gearing ratio of 1.75x as on March 31, 2024 (1.99x as on March 31, 2023). Furthermore, the debt coverage indicators also remain moderate, marked by an PBILDT interest coverage and total debt to gross cash accruals (TDGCA) of 2.65x and 7.88x, respectively, during FY24 (2.36x and 9.99x, respectively, during FY23).

Ongoing debt funded capex

SPIPL is currently setting up solar power plant of 5MW for captive consumption. The total cost of project is Rs.23.01 crore which will be funded through term loan of Rs.19.43 crore and remaining through internal accruals and unsecured loans. Till March 2024, the cost of Rs.0.15 crore has been incurred which was funded through internal accruals.

Environment risk associated with paper processing mills

Water is a key element in the production of paper as it is consumed in major processes like raw material cleaning, pulp mill etc. Moreover, the paper manufacturing process leads to high volume of effluents as major proportion of water intake is discharged as effluent. SPIPL's manufacturing facility consumes waste paper as a raw material and in order to ensure required treatment of waste water released from the plant. Bore-well is set up at factory site to fulfil the requirement of water.

Profitability susceptible to volatility in Raw material prices and forex rate

The key raw material used in manufacturing of Kraft paper is waste paper, which forms the majority portion of the raw material in the paper packaging industry. The price of waste paper is driven by global demand-supply dynamics and is subject to price volatility, as India imports waste paper for processing. India's major waste paper import demands are met by USA and Europe; however European Union has banned export of waste paper to India, supplies from USA are also undergoing challenges, as several Chinese paper manufacturers have set-up manufacturing facilities in USA to counter waste paper import ban of China. Along with supply constraints of waste paper, the overall paper industry is also undergoing challenges of rising prices of chemicals and fuel. However, the raw material cost increase is largely pass-through to consumers. Further, SPIPL currently imports 83% of total raw material requirement USA, UAE etc.; this exposes it to volatility in forex rates on its net foreign exchange payable in absence of any significant hedging policy in place.

Highly Fragmented and cyclical paper industry

Indian paper and paper board industry is highly fragmented with stiff competition from large number of organized as well as unorganized players. This limits the pricing power of the manufacturers to an extent. The prospects of paper manufacturer using recycling processes are dependent on the waste paper market trend. For decades China was the world's largest importer of waste paper but in July 2017 it announced that it will ban imported waste papers to protect China from becoming world's dumping ground, which continued in Jan 2021 as well. It resulted in drastic effect on waste paper prices and average prices of mixed waste paper slumped on account of an oversupply of waste paper in the global market and they declined till the outbreak of COVID 19 pandemic. Post which same started increasing along with increase in logistic cost due to non-availability of containers, rise in freight and coal costs. This resulted in higher prices for Duplex paper, Kraft paper and corrugated paper boxes in India.

Key strengths**Promoter Experience through group entities**

SPIPL is been promoted by 4 promoters viz. Mr. Jagdish Bhimani, Mr. Gopal Dhamsaniya, Mr. Amrut Kasundra and Mr. Mohit Santoki. All the three promoters except Mr. Mohit Santoki has more than 2 decades of experience while Mr. Mohit Santoki has decade of experience through their group entities named Skywin Projects & Skywin Enterprise.

Location Advantage

The manufacturing facility is located at Surat, Gujarat with very well-connected roads & infrastructure. Transportation cost of raw material is a big saving in the given location considering proximity of Hazira Port from plant location. Skilled mechanics & technocrats to conduct any repairing jobs of machineries is also easily available considering nearby Vapi city, which is very famous for its Kraft Paper Industries. SPIPL will mainly sell its products in Gujarat, Madhya Pradesh and Maharashtra.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Paper & Paper Products](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Forest Materials	Paper, Forest & Jute Products	Paper & Paper Products

Surat, Gujarat based Skywin Paper Industries Private Limited (SPIPL) was incorporated in November 10, 2020, by 4 promoters viz. Mr. Jagdish Bhimani, Mr. Gopal Dhamsaniya, Mr. Amrut Kasundra and Mr. Mohit Santoki. The company is engaged into manufacturing and selling of Kraft Paper ranging from 18 to 24 BF and 100 to 300 GSM- broadly used in packaging industry.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	74.42	141.25
PBILDT	5.08	10.71
PAT	2.86	4.03
Overall gearing (times)	1.99	3.29
Interest coverage (times)	2.36	2.65

A: Audited; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	January 2029	38.12	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT/ST-Cash Credit	-	-	-	-	30.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee	-	-	-	-	2.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	38.12	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (02-Apr-24)	-	1)CARE BB-; Stable (30-Mar-23)	-
2	Fund-based - LT/ST-Cash Credit	LT/ST	30.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	1)CARE BB-; Stable / CARE A4 (02-Apr-24)	-	1)CARE BB-; Stable / CARE A4 (30-Mar-23)	-
3	Non-fund-based - ST-Bank Guarantee	ST	2.00	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (02-Apr-24)	-	-	-

*Issuer did not cooperate; based on best available information.

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-Cash Credit	Simple
3	Non-fund-based - 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Jignesh Trivedi Assistant Director CARE Ratings Limited Phone: 079-40265631 E-mail: jignesh.trivedi@careedge.in Nupur Shah Analyst CARE Ratings Limited E-mail: Nupur.shah@careedge.in
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About us:

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