Shreyans Industries Limited

November 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	30.45	CARE A-; Stable	Reaffirmed
Short Term Bank Facilities	55.00	CARE A2+	Reaffirmed
Fixed Deposit	1.46	CARE A-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities and fixed deposit programme of Shreyans Industries Limited (SIL) continues to derive strength from the experienced promoters, long track record of operations in Writing and Printing Paper (WPP) industry, and comfortable liquidity position. Ratings also continue to derive strength from the company's comfortable financial risk profile marked by low overall gearing, stable operational performance with moderate total operating income (TOI) considering decline in net sales realisations (NSR) in the writing and printing paper (WPP) segment. However, the company has been able to generate adequate operational cash flows over the years, resulting in lower dependence on working capital borrowings. Ratings also continue to derive comfort from the well-established distribution network, diversified product profile, and proximity of the manufacturing plant to raw material sources. However, ratings continue to remain constrained owing to , competitive nature of the industry and susceptibility of profitability margins to raw material price volatility and foreign exchange fluctuations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations by 20% or more with improvement in PBILDT margin above 15% on a sustained basis.

Negative factors

- Under-achievement of the projected total operating income by more than 25% and/or significant decline in profitability which may adversely impact the liquidity of the company with decrease in unencumbered mutual fund investments.
- Any major debt-funded capex or high reliance on working capital borrowings resulting in total debt/PBILDT above 1.50x.

Analytical approach: Standalone approach

Outlook: Stable

CARE Ratings Limited (CARE Ratings) expects the company to have stable operational performance and shall sustain its strong financial risk profile over the medium term on back of its strong liquidity profile.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with long track record of operations

SIL has been engaged in the writing and printing paper (WPP) manufacturing business for over 42 years, which has led to a well-established relationship with suppliers and customers. Rajneesh Oswal, Chairman, has an overall experience of over 36 years. Vishal Oswal, Managing Director, has an overall experience of over 30 years.

Diversified product profile and an established distribution network

SIL manufactures writing and printing paper (WPP) with grams per square metre (GSM) ranging between 44 and 130 GSM and a brightness range of 75% to 90%. The paper is used for printing books, notebooks, calendars, diaries, newspaper supplements, pamphlets, computer stationery, playing cards, brochures, magazines and copier paper, and envelope making, among other applications. It has one marketing branch in Delhi and a network of ~100 dealers across India. The company sells to various textbook corporations through tenders (which constitute 30-40% of top-line) and to private players. The company also exports

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

its products to UAE and Nepal, though income from exports remains negligible. The diversified product portfolio and established distribution network are expected to support the business risk profile over the medium term.

Proximity of manufacturing plants to raw material sources
Raw materials for SIL include mainly agricultural residue-based raw materials such as wheat straw, sarkanda and rice husk (fuel). The plant is in an established agricultural belt, Punjab, which ensures easy and adequate availability of raw materials.

Stable operational performance
The company's total operating income moderated by ~12% year-on-year, to ₹616.97 crore in FY25 (FY refers to April 01, 2024 to March 31, 2025) compared to ₹699.61 crore in the previous year. While sales volumes remained largely unchanged, the realisation for writing and printing paper (WPP) reduced from ₹70 per kg in FY24 to ₹63 per kg in FY25. This decline was in line with industry trends, driven primarily by cheaper imports from China and ASEAN countries, which weakened the pricing power for domestic paper manufacturers. The PBILDT margin declined by 260 basis points to 11.41% in FY25 (PY: 14.01%), primarily due to lower sales realizations amid stagnant volumes, coupled with lower volume owing to planned shutdown for upgradation and modernization. Similarly, the profit after tax (PAT) margin contracted by 4.29 percentage points to 8.20% in FY25 (PY: 12.50%), driven by the reduction in PBILDT and higher depreciation costs. Additionally, non-operating income was significantly lower in FY25 at ₹11.13 crore compared to ₹30.07 crore in FY24, as the previous year included substantial gains from fair value adjustments on investments.

Comfortable financial risk profile
The total debt of the company comprised term loan of ₹11.11 crore, working capital loan of ₹15.11 crore, loans and advances from promoters and related parties of ₹16.42 crore, finance lease of ₹2.14 crore and long-term fixed deposits of ₹0.12 crore. The overall gearing ratio stood at 0.11x as on March 31, 2025 (PY: 0.09x). While the gearing remains comfortable, it increased marginally due to the addition of term loans, unsecured borrowings, and higher utilisation of working capital facilities. The company's debt coverage indicators remained comfortable but showed moderation due to a decline in profitability in FY25. The interest coverage ratio (profit before interest, lease rentals, depreciation, and taxation [PBILDT]/Interest) stood at 17.11x and the total debt-to-gross cash accruals (GCA) ratio at 0.65x in FY25 (FY refers to April 01, 2024 to March 31, 2025), compared to 23.05x and 0.32x, respectively, in the PY.

Key weaknesses

Susceptibility of margins to foreign exchange fluctuations
SIL imports wood pulp from the United States, Indonesia and Canada. Imported raw materials formed ~15% of the total raw material cost in FY25 (FY refers to April 01, 2024 to March 31, 2025). The proceeds from exports remained nil in FY25 (PY: ₹2.47 crore). The company uses forward contracts from time to time to hedge a portion of the foreign exchange risk. However, some portion of the exposure remains unhedged, exposing the profitability of the company to any adverse fluctuation in foreign exchange rates. In FY25, the company reported a gain of ₹0.21 crore on foreign currency transaction (PY: gain of ₹0.44 crore).

Highly competitive industry and margins susceptible to raw material volatility
The paper industry is highly fragmented with intense competition from organised and unorganised players and threat from imports. This limits the pricing power of manufacturers to pass on raw material price fluctuations to customers. Shreyans Industries Limited (SIL) primarily uses agro-based raw material, which is purchased from domestic markets. These materials have limitations such as seasonal availability, leading to high volatility in input prices. Therefore, the company's operating profitability remains highly susceptible to raw material price volatility.

Liquidity: Adequate

The liquidity of the company remained adequate with gross loan repayments of Rs. 3.06 crore as against expected accruals of ~Rs. 74.68 crore. Further, the average utilization of working capital borrowings stood at ~40% for the trailing 12-months ending August, 2025. The company has liquid mutual fund investments (quoted at market value) to the tune of Rs.236.38 crore as on March 31, 2025, out of which Rs. 190.13 crore were unencumbered investments. SIL is expected to incur capex of ~Rs. 37.50 crore in FY26 pertaining to upgradation of boilers, and installation of synchro cutter machine and the same shall be funded by a mix of term loan & internal accruals in the ratio of 3:2.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
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

SIL was initially incorporated in 1979 by the name Shreyans Paper Mills Limited by D.K. Oswal and his family. Subsequently, in October 1992, the company's name was changed to SIL. The company is engaged in manufacturing writing and printing paper (WPP). SIL initially started its operations with an installed capacity of 10,000 metric tonne per annum (MTPA) at its manufacturing facility in Ahmedgarh, Punjab. In 1994, the company purchased the paper division (named M/s Zenith Papers) of M/s Zenith Limited, situated in S.B.S Nagar, Punjab. SIL is operating the same under the name Shree Rishabh Papers. As of March 31, 2025, the company had a combined installed capacity of 94,000 MTPA. SIL's products are sold primarily in the domestic market under the brand name Shreyans.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY25 (UA)
Total operating income	699.61	616.97	153.63
PBILDT	98.03	70.41	15.89
PAT	87.42	50.60	17.27
Overall gearing (times)	0.09	0.11	NA
Interest coverage (times)	23.05	17.11	19.14

A: Audited UA: Unaudited; Note: these are latest available financial results; NA: Not Available

Status of non-cooperation with previous CRA: NA
Any other information: NA
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
Fixed Deposit		-	-	-	1.46	CARE A-; Stable
Fund-based - LT-Cash Credit		-	-	-	25.00	CARE A-; Stable
Fund-based - LT-Term Loan		-	-	March, 2030	5.45	CARE A-; Stable
Non-fund-based - ST-BG/LC		-	-	-	55.00	CARE A2+

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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	5.45	CARE A-; Stable	-	1)CARE A-; Stable (05-Nov-24)	1)CARE A-; Stable (24-Nov-23)	1)CARE A-; Stable (25-Nov-22)
2	Fund-based - LT-Cash Credit	LT	25.00	CARE A-; Stable	-	1)CARE A-; Stable (05-Nov-24)	1)CARE A-; Stable (24-Nov-23)	1)CARE A-; Stable (25-Nov-22)
3	Non-fund-based - ST-BG/LC	ST	55.00	CARE A2+	-	1)CARE A2+ (05-Nov-24)	1)CARE A2+ (24-Nov-23)	1)CARE A2+ (25-Nov-22)
4	Fixed Deposit	LT	1.46	CARE A-; Stable	-	1)CARE A-; Stable (05-Nov-24)	1)CARE A-; Stable (24-Nov-23)	1)CARE A-; Stable (25-Nov-22) 2)CARE A-; Stable (22-Jun-22)

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fixed Deposit	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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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