

OCTOBER 17, 2016

CARE ASSIGNS 'CARE BBB' AND 'CARE A3+' RATINGS TO THE BANK FACILITIES OF SHREYANS INDUSTRIES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	56.37	CARE BBB (Triple B)	Assigned
Short-term Bank Facilities	40.00	CARE A3+ (A Three Plus)	Assigned
Total Facilities	96.37 (Rupees Ninety Six crore and Thirty Seven lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Shreyans Industries Limited (SIL) derive strength from the long track record of operations of the company with experienced & resourceful promoters, well-established distribution network, diversified product profile and comfortable overall solvency position. The ratings further derive strength from the proximity of the manufacturing plant to raw material sources, various cost saving measures implemented and efficient working capital management of the company. The ratings are, however, constrained by the competitive nature of the industry with susceptibility of profitability margins to volatility in raw material prices and adverse foreign exchange fluctuations. Going forward, the ability of the company to profitably scale-up its operations while improving its overall solvency position and complete the proposed capex within the time & cost estimates shall remain the key rating sensitivities.

Background

Shreyans Industries Limited (SIL) was incorporated as a public limited company, by the name, Shreyans Paper Mills Limited, in 1979, by Mr D K Oswal and his family. Subsequently, in October 1992, the company's name was changed to SIL. The company is based in Ludhiana (Punjab) and is being managed by Mr Rajneesh Oswal and his brothers-Mr Vishal Oswal and Mr Kunal Oswal. SIL is engaged in the manufacturing of writing and printing paper(WPP). The company initially started its operations with an installed capacity of 10,000 metric tonnes per annum(MTPA) at its manufacturing facility located at Ahmedgarh (Punjab). In 1994, the company purchased the paper division of M/s Zenith Limited situated at S.B.S Nagar (Punjab) and is operating the same by the name, Shree Rishabh Papers. As on March 31, 2016, the company has a combined installed capacity of 85,000 metric tonnes per annum (MTPA).

In FY16 (refers to the period April 01 to March 31), SIL reported a total operating income of Rs.390.73 crore with PAT of Rs.8.67 crore, as against a total operating income of Rs.369.49 crore with PAT of Rs.9.80 crore in FY15. In Q1FY17 (UA), the company has achieved total operating income of Rs.96 crore with PBIDLT and PAT margins of 9.29% and 3.77% respectively as against total operating income of Rs.92.25 crore with PBIDLT and PAT margins of 5.13% and 1.63% respectively in Q1FY16.

Analyst Contact

Name: Mr Sudeep Sanwal

Tel: 0172-5171101

Cell: + 91 9958043187

Email: sudeep.sanwal@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Amod Khanorkar**

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

Mr. Saikat Roy

Mobile: + 9198209 98779

E-mail: saikat.roy@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**304, PashupatiAkshat Heights, Plot No. D-91,
Madho Singh Road, NearCollectorateCircle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**9th Floor, Pride KumarSenate,
Plot No. 970, Bhamburda, SenapatiBapat Road,
ShivajiNagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

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