August 04, 2026

Shree Ajit Pulp and Paper Limited: Update on entity

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding	Financial sector regulator#
Long-term Fund-based – Cash credit	140.00	140.00	[ICRA]BBB+(Stable)	RBI
Long-term fund-based –Term loan	235.00	235.00	[ICRA]BBB+(Stable)	RBI
Short-term non-fund based	10.00	10.00	[ICRA]A2	RBI
Short-term interchangeable	(248.00)	(248.00)	[ICRA]A2	RBI
Total	**385.00**	**385.00**		

**Instrument details are provided in Annexure I*
#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR will not be available for activities and instruments, which fall under the regulatory purview of financial sector regulators other than SEBI

Rationale

Material Event

On July 24, 2026, Shree Ajit Pulp and Paper Limited informed the stock exchange about the temporary disruption of operations at its manufacturing facilities located at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via Vapi, District- Valsad, Gujarat, on account of heavy flooding of the factory premises caused by incessant rainfall and severe waterlogging in the region. The company temporarily suspended operations at the affected facilities with effect from July 23, 2026.

Impact of Material Event

ICRA notes that the flooding has affected both the manufacturing units operated by the company. However, its Unit I, which has an installed capacity of 1,20,000 MTPA of kraft paper, has suffered damage to machinery and inventory, and operations are likely to remain disrupted for around two months whereas the impact on Unit II, with an installed capacity of 82,500 MTPA, is relatively limited. As per the management, there has been an impact on its inventory at Unit II. While Unit II is also not operational since the floods, the same is expected to resume functions shortly after completion of the insurer's inspection process. As per the management, it has insurance cover for both movable and immovable assets at the affected locations. However, adequacy of coverage, claim admissibility, quantum of settlement and timing of claim realisation are monitorables.

ICRA notes that the company's liquidity position is supported by modest working capital utilisation of around Rs. 17 crore as on July 31, 2026 against sanctioned fund-based limits of around Rs. 140 crore; however, it is noted that the buffer is capped at drawing power. Further, the company had cash and bank balances of around Rs. 8.3 crore as on July 31, 2026.

While the incident is likely to affect the operating performance over the near term, particularly due to shutdown of Unit I, the company currently has adequate financial flexibility to absorb the disruption. The pace of restoration at Unit I, resumption of normal operations, progress in insurance claim settlement and any resultant impact on the company's financial profile will remain key rating sensitivities.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Environmental and social risks and Rating sensitivities: Click here

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. As on March 31, 2026, SAPPL had one subsidiary and one joint venture, which are enlisted in Annexure II.

About the company

Shree Ajit Pulp and Paper Limited (erstwhile M/s Shree Ajit Pulp and Paper Private Limited), incorporated in March 1995, manufactures different varieties of kraft paper, which find application in the packaging industry, particularly in manufacturing corrugated boxes and paper bags. The company's production facilities are in Vapi, Gujarat, with an installed manufacturing capacity of 2,02,500 metric tonnes per annum (MTPA).

SAPPL has two group concerns, viz., Shree Samrat Pulp and Paper LLP (Shree Samrat) and Shree Samrudhi Industrial Papers Private Limited (Shree Samrudhi). The company holds a 50% stake in Shree Samrat, which was previously involved in manufacturing of low BF kraft paper. However, Shree Samrat's core assets were sold off in FY2023. Shree Samrudhi is a wholly-owned subsidiary, which is intended to act as a marketing arm for SAPPL and is non-operational at present.

Key financial indicators (audited)

SAPPL, Consolidated	FY2025	FY2026
Operating income	505.5	700.9
PAT	9.4	30.0
OPBDITA/OI	10.1%	13.3%
PAT/OI	1.9%	4.3%
Total outside liabilities/Tangible net worth (times)	1.4	1.2
Total debt/OPBDITA (times)	5.6	2.7
Interest coverage (times)	2.3	2.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current ratings (FY2027)				Chronology of rating history for the past 3 years					
					FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based-Cash Credit	Long Term	140.00	Aug 04, 2026	[ICRA]BBB+ (Stable)	Aug 26, 2025	[ICRA]BBB+ (Stable)	Mar 21, 2025	[ICRA]BBB+ (Negative)	Aug 10, 2023	[ICRA]A (Negative)
			May 14, 2026	[ICRA]BBB+ (Stable)	-	-	-	-	Feb 22, 2024	[ICRA]A- (Negative)
Fund Based-Term Loan	Long Term	235.00	Aug 04, 2026	[ICRA]BBB+ (Stable)	Aug 26, 2025	[ICRA]BBB+ (Stable)	Mar 21, 2025	[ICRA]BBB+ (Negative)	Aug 10, 2023	[ICRA]A (Negative)
			May 14, 2026	[ICRA]BBB+ (Stable)	-	-	-	-	Feb 22, 2024	[ICRA]A- (Negative)
Interchangeable	Short Term	(248.00)	Aug 04, 2026	[ICRA]A2	Aug 26, 2025	[ICRA]A2	Mar 21, 2025	[ICRA]A2	Aug 10, 2023	[ICRA]A1
			May 14, 2026	[ICRA]A2	-	-	-	-	Feb 22, 2024	[ICRA]A2+
Non-fund Based	Short Term	10.00	Aug 04, 2026	[ICRA]A2	Aug 26, 2025	[ICRA]A2	Mar 21, 2025	[ICRA]A2	Aug 10, 2023	[ICRA]A1
			May 14, 2026	[ICRA]A2	-	-	-	-	Feb 22, 2024	[ICRA]A2+
Unallocated	Short Term	-	-	-	-	-	-	-	Aug 10, 2023	[ICRA]A1
			-	-	-	-	-	-	Feb 22, 2024	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term– Fund-based cash credit	Simple
Long-term - Fund-based term loan	Simple
Short-term – Non fund based	Simple
Short-term – Interchangeable	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	**Cash credit**	NA	NA	NA	140.00	[ICRA]BBB+ (Stable)	RBI
NA	**Term loan**	FY2026	NA	FY2035	235.00	[ICRA]BBB+ (Stable)	RBI
NA	**Bank guarantee**	NA	NA	NA	10.00	[ICRA]A2	RBI
NA	**Interchangeable**	NA	NA	NA	(248.00)	[ICRA]A2	RBI

Source: Company
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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	SAPPL ownership	Consolidation approach
Shree Samrat Pulp and Paper LLP	50%	Equity Method
Shree Samrudhi Industrial Papers Private Limited	100%	Full Consolidation

Source: Company

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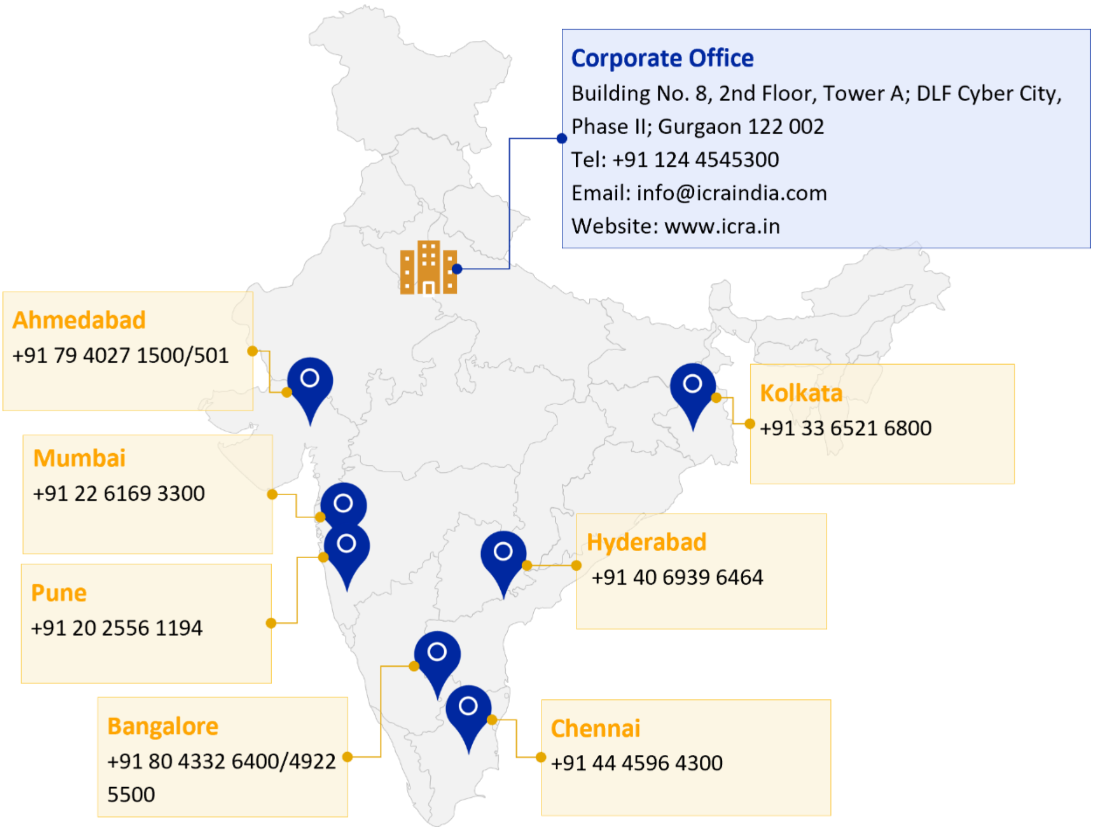

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