

October 27, 2021

## Pavansut Paper Mill Pvt. Ltd.: Rating downgraded based on best available information; Rating continues to remain under Non Cooperating category

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund based - Cash Credit	8.50	8.50	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB- (Stable) and Rating continues to remain under Non Cooperating category
Fund based – Term Loan	4.04	4.04	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB- (Stable) and Rating continues to remain under Non Cooperating category
Non Fund Based- Bank Guarantee	0.70	0.70	[ICRA]A4 ISSUER NOT COOPERATING*; Rating remains same at [ICRA]A4 and Rating continues to remain under Non Cooperating category
Unallocated	2.96	2.96	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Long term rating downgraded from [ICRA]BB- (Stable) and Short term rating remains same at [ICRA]A4; Rating continues to remain under Non Cooperating category
<b>Total</b>	<b>16.20</b>	<b>16.20</b>	

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

<sup>^</sup>Instrument details are provided in Annexure-1

### Rationale

The rating downgrade is attributable to the lack of adequate information regarding Pavansut Paper Mill Pvt. Ltd.’s performance and in turn, the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by a rated entity” available at [www.icra.in](http://www.icra.in). The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the same may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Sun Forge Private Limited, ICRA has been trying to seek information from the entity to monitor its performance. Despite repeated requests by ICRA, the entity’s management has remained non-cooperative. In the absence of the requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy in respect of non-co-operation by the rated entity</a>
Parent/Group Support	NA
Consolidation/Standalone	Standalone

## About the company

Incorporated in October 2015 as a private limited company, Pavansut Paper Mill Pvt. Ltd. (Pavansut) manufactures kraft paper in varying BF sizes from 12 to 22, which is used for manufacturing corrugated boxes. The company's plant is in Morbi, Gujarat and has a manufacturing capacity of 100 tonne/day. The operations are managed by members of the Patel family, who have extensive experience in the paper industry by virtue of their erstwhile association in a related business

## Key financial indicators (audited)

PPMPL Standalone	FY2019	FY2020*
Operating Income (Rs. crore)	54.06	44.13
PAT (Rs. crore)	0.53	0.12
OPBDIT/OI (%)	6.75%	6.45%
RoCE (%)	12.14%	8.62%
Total Outside Liabilities/Tangible Net Worth (times)	4.21	4.76
Total Debt/OPBDIT (times)	3.51	5.42
Interest Coverage (times)	2.40	1.79
DSCR (times)	1.49	1.14

Source: Pavansut Paper Mill Pvt. Ltd., \*Provisional

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: None**

## Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs.Crore)	Amount Outstanding (Rs.Crore)	Date & Rating in	Date & Rating in FY2021		Date & Rating in FY2020	Date & Rating in FY2019
						27-Oct-21	15-Sep-21		
1	Fund-based	Long Term	4.04	4.04*	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB- (Stable); ISSUER NOT COOPERATING	[ICRA]BB- (Stable)	-	[ICRA]BB- (Stable)
2	Fund-based	Long Term	8.5	8.15*	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB- (Stable); ISSUER NOT COOPERATING	[ICRA]BB- (Stable)	-	[ICRA]BB- (Stable)
3	Non Fund Based- Bank Guarantee	Short Term	0.7	-	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4	-	[ICRA]A4
4	Unallocated	Long Term/ Short Term	2.96	-	[ICRA]B+ (Stable)/ [ICRA]A4; ISSUER NOT COOPERATING	[ICRA]BB- (Stable)/ [ICRA]A4; ISSUER NOT COOPERATING	[ICRA]BB- (Stable)/ [ICRA]A4	-	[ICRA]BB- (Stable)/ [ICRA]A4

\*as on March 31, 2020

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Long Term- Fund Based- Cash Credit	Simple
Long Term- Fund Based- Term Loan	Simple
Short Term – Non Fund Based	Very Simple
Long Term/ Short Term- Unallocated	Not Applicable

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 analyzing 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, is available on ICRA's website: [www.icra.ins](http://www.icra.ins)

### Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund-based- Cash Credit	FY2017	11.25%	FY2024	4.04	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
NA	Fund-based- Term Loan	FY2017	11.25%	NA	8.50	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
NA	Non Fund Based- Bank Guarantee	FY2017	NA	NA	0.70	[ICRA]A4; ISSUER NOT COOPERATING
NA	Unallocated Limits	NA	NA	NA	2.96	[ICRA]B+ (Stable)/A4; ISSUER NOT COOPERATING

**Source:** Pavansut Paper Mill Pvt. Ltd.

### Annexure-2: List of entities considered for consolidated analysis – Not applicable

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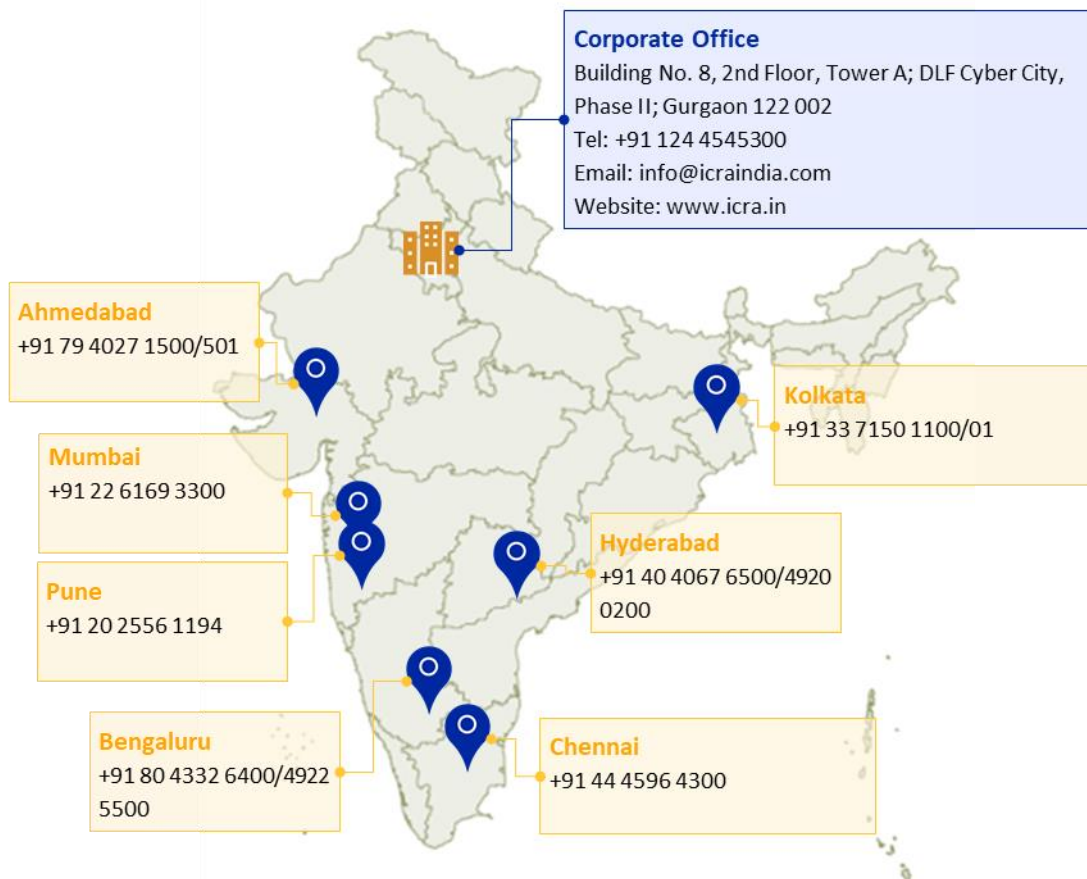
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### Branches



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