

May 29, 2020

Gayatrishakti Paper and Boards Limited: Rating downgraded and continues to remain Issuer Non-Cooperating category

Summary of rated instruments

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund based-Term Loan	183.81	183.81	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB+ (Stable) and continues to remain under 'Issuer Not Cooperating' category
Fund based-Cash Credit	82.00	82.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB+ (Stable) and continues to remain under 'Issuer Not Cooperating' category
Fund based- PC/ FBP	3.00	3.00	[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A2 and continues to remain 'Issuer Not Cooperating' category
Non-fund based – Letter of Credit/Bank Guarantee	60.00	60.00	[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A2 and continues to remain 'Issuer Not Cooperating' category
Total	328.81	328.81	

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

Rationale

The downgrade is because of lack of adequate information regarding Gayatrishakti Paper and Boards Limited (GPBL) performance and hence 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 the rated entity". The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating 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 Gayatrishakti Paper and Boards Limited (GPBL), ICRA has been trying to seek information from the entity to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information

The previous detailed rating rationale is available on the following link: [Click here](#)

About the company:

GPBL was incorporated in the year 1996 for manufacturing of Premium Coated Paper Boards (duplex board) by Mr. N.R. Agarwal. The company is currently promoted by the G.N. Agarwal group which operates two units i.e. duplex board unit

in Vapi and kraft paper unit at Sarigam, and another one duplex board unit operated under the company Kherani Paper Mills Private Limited (KPMPL). GPBL has its manufacturing facilities of premium Coated Paper Boards located in Gujarat Industrial Development Corporation (GIDC) area of Vapi, Gujarat. The manufacturing capacity of the plant is 96,000 metric tonne per annum (MTPA). The company has recently commissioned a new capacity for manufacturing Kraft paper and Kraft Liner Board with an annual capacity of 90,000 MTPA (enhanced to 108,000 MTPA in FY2017) at GIDC Sarigam – 2 about 20 kms from its current manufacturing site in Vapi, Gujarat. The commercial production from the new facility commenced from end of June 2015.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not Applicable

Rating history for past three years

All figures in Rs. Crore

Instrument	Type	Current Rating (FY2021)		Current Rating 29-May-2020	Rating History for the Past 3 Years		
		Amount Rated	Amount Outstanding		FY2020	FY2019 08-Feb-2019	FY2018 18-Aug-2017
1	Term Loans	Long Term	183.81	-	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)
2	Cash Credit	Long Term	82.00	-	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)
3	Credit/Bank Guarantee	Short Term	60.00	-	[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A2 ISSUER NOT COOPERATING	[ICRA]A2
4	PC/FBP	Short Term	3.00	-	[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A2 ISSUER NOT COOPERATING	[ICRA]A2

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](#)

Annexure-1 Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loans	NA	NA	NA	183.81	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	Cash Credit	NA	NA	NA	82.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	Letter of Credit/Bank Guarantee	NA	NA	NA	60.00	[ICRA]A4+ ISSUER NOT COOPERATING
NA	PC/FBP	NA	NA	NA	3.00	[ICRA]A4+ ISSUER NOT COOPERATING

Source: Gayatrishakti Paper and Boards Limited (GPBL)

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