



Press Release

Paswara Papers Limited

March 31, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	155.80	IVR BB/Stable and Withdrawn (IVR Double B with Stable Outlook and Withdrawn)	IVR D; INC* (IVR D; Issuer not Cooperating*)	Upgraded, removed from Issuer Not Cooperating category and simultaneously withdrawn	Simple
Long Term/ Short Term	0.00**	--	IVR D; INC* (IVR D; Issuer not Cooperating*)	Withdrawn	Simple
Total	155.80	(Rs. One hundred fifty-five crore and eighty lakh only)			

* Issuer not cooperating; Based on best available information

** These facilities were sanctioned from State Bank of India, and we have received No Dues Certificate to withdraw the ratings for the assigned bank facilities.

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded the long-term and short-term rating of IVR BB with Stable outlook and IVR A4 and the rating has been removed from Issuer Not Cooperating Category and simultaneously withdrawn the ratings assigned to bank loan facilities of Paswara Papers Limited with immediate effect. The above action has been taken at the request of Paswara Papers Limited and 'No Due Certificate' and 'No Objection Certificate' received from the bankers who have extended the rated facilities. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

The ratings have been upgraded, taking into consideration the experience of promoters and long track record of operations coupled with comfortable capital structure. However, these rating strengths are partially offset by moderation in scale of operations and profitability margins albeit increase in operating profitability and due to moderation in debt protection metrics. The rating also factors in the susceptibility of company's margins to volatility in prices of raw material.



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The Stable outlook is on account of comfortable capital structure of the company. Infomerics Ratings believes that the Paswara Papers Limited business & capital structure will be maintained or improve over the medium term.

Infomerics Ratings has principally relied on the standalone audited financial results of Paswara Papers Limited up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities: Nil

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and long track record of operations**

Paswara Papers Limited is promoted by Mr. Arvind Kumar, Mr. Vinod Kumar and Mr. Kapil Kumar who have more than 3 decades of experience in the kraft paper industry. Further, the company has an operational track record of over three decades. Longstanding presence of the promoters in the industry has helped the company to establish strong relationships with customers and suppliers, withstand industry cycles and diversify the product profile.

- **Comfortable capital structure**

The capital structure of the company stood comfortable marked by overall gearing at 0.80x as on March 31, 2024 improved from 1.04x as on March 31, 2023 on account of increase in Quasi Capital. The indebtedness of the company also stood comfortable marked by TOL/TNW at 1.45x as on March 31, 2024 improved from 1.67x as on March 31, 2023 on account of increase in Tangible Net Worth of the company.



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Key Rating Weaknesses

- **Moderation in scale of operations and profitability margins albeit increase in operating profitability**

The total operating income of the company moderated in FY24 as it stood at Rs. 430.04 Cr. as against Rs. 531.69 Cr. The same moderated on account of decline in raw material prices which impacted the selling price of the final product. Despite decline in scale of operations, the EBITDA margin of the company improved by 246 bps and stood at 10.42% in FY24 compared to 7.96% in FY23 on account of decline in raw material consumption cost and on account of good incentives received from Government. Although the EBITDA margin improved, the PAT margin of the company moderated by 51 bps and stood at 1.89% in FY24 compared to 2.40% in FY23 on account of higher interest and finance cost.

- **Moderation in debt protection metrics**

The debt protection metrics stood moderate marked by ICSR of 1.91x in FY24 compared to 2.05x in FY23. Further, the DSCR stood at 0.87x in FY24 deteriorated from 1.07x in FY23 on account of increase in interest expense. The total debt to NCA improved but stood high at 5.24x in FY24 compared to 5.42x in FY23 on account of decline in total debt.

- **Susceptibility of company's margins to volatility in prices of raw material**

The company is susceptible to price raw material fluctuation risk. The major raw material is scrap/used papers, the prices of these are volatile and vary depending on the demand-supply situation domestically and globally. Any increase in the price, if not passed on, may adversely affect the company's profit margins.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Policy on withdrawal of ratings](#)



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Liquidity – Adequate

The company's liquidity is comfortable marked by 78.46% average utilisation of fund-based limits during the past 12 months ended December 2024. The unencumbered cash and bank balance stood at Rs. 0.92 crore as on March 31, 2024. Further, the company expects sufficient cushion in cash accruals against its debt repayments. The company is expecting GCA in the range of Rs. 48.25 Cr. - Rs. 73.94 Cr. during FY25-27 against debt repayment of Rs. 12.98 Cr.- Rs. 12.89 Cr. in FY25-27. The company has a Current Ratio of 1.06x as on March 31, 2024, compared to 0.99x as on March 31, 2023. The Working Capital Cycle of the company stood at 75 days in FY24 days which was 55 days in FY23.

About the Company

Incorporated in 1980, PPL manufactures multilayer kraft paper and paper board. Its facility in Meerut, Uttar Pradesh, has installed capacity of 125,000 tonne per annum (TPA) for multilayer kraft paper and 40,000 TPA for machine glazed kraft paper and kraft board. The company operates a 9-MW captive power plant.

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	531.69	430.04
EBITDA	42.31	44.80
PAT	13.23	8.43
Total Debt	202.72	177.35
Tangible Net Worth	195.01	220.73
EBITDA Margin (%)	7.96	10.42
PAT Margin (%)	2.40	1.89
Overall Gearing Ratio (x)	1.04	0.80
Interest Coverage (x)	2.05	1.91

Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:- Brickwork Ratings India Pvt. Ltd. vide its press release dated January 08, 2025, continued to place the ratings in the Issuer Not Cooperating category on account of Unavailability of required information.

Any other information: Not Applicable



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Rating History for last three years:

Sr. No.	Name of Security/Facilities	Rating(Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Current Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
						October 06, 2022	-
1.	Long Term Bank Facilities	Long Term	155.80	IVR BB/ Stable; Withdrawn	February 29, 2024 IVR D; INC* November 08, 2023 IVR BB+/ Negative; INC*	IVR BBB/ Stable	-
2.	Long Term/Short Term Bank Facilities	Long Term/Short Term	0.00	--	February 29, 2024 IVR D; INC* November 08, 2023 IVR BB+/ Negative; INC*/ IVR A4+; INC*	IVR BBB/ Stable/ IVR A3+	-

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

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt



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instruments which helps corporate access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	--	--	--	March 2027	25.80	IVR BB/Stable; Withdrawn
Cash Credit	--	--	--	--	130.00	IVR BB/ Stable; Withdrawn

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-paswara-papers-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.