



Press Release

Sun Paper Mill Limited

January 28th, 2021

Ratings

Instrument / Facility	Amount (INR Crore)	Ratings	Rating Action
Long Term Proposed Facility – Proposed Term Loan	165.00	IVR BB+ (INC) (IVR Double B Plus; ISSUER NOT COOPERATING)*	Revised from IVR BBB/Stable (IVR Triple B with Stable Outlook) and moved to ISSUER NOT COOPERATING*
Long Term Proposed Facility – Proposed Cash Credit	50.75	IVR BB+ (INC) (IVR Double B Plus; ISSUER NOT COOPERATING)*	Revised from IVR BBB/Stable (IVR Triple B with Stable Outlook) and moved to ISSUER NOT COOPERATING*
Long Term Fund Based Facility – OCC	4.25	IVR BB+ (INC) (IVR Double B Plus; ISSUER NOT COOPERATING)*	Revised from IVR BBB/Stable (IVR Triple B with Stable Outlook) and moved to ISSUER NOT COOPERATING*
Short Term Non Fund Based Facility – Letter of Credit	15.00	IVR A4+ (INC) (IVT Single A Four Plus; ISSUER NOT COOPERATING)*	Revised from IVR A3+ (IVR Single A Three Plus) and moved to ISSUER NOT COOPERATING*
Total	235.00		

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

Details of Facility are in Annexure 1

Detailed Rationale

The rating is revised because of continuous lack of adequate information regarding Sun Paper Mill Limited performance and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

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.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide letter communications dated December 01st, 2020, December 07th, 2020, December 18th, 2020, and January 07th, 2021, and concurrently over several phone calls. However, despite repeated requests by Infomerics,



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the company's management has not submitted the complete details and fees for surveillance exercise.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the bank loan facilities aggregating to INR235.00Crore of Sun Paper Mill Limited shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the rating be noted as IVR BB+; A4+: ISSUER NOT CO-OPERATING; based on best available information (IVR Double B Plus; Single A Four Plus: ISSUER NOT CO-OPERATING); based on best available information.

Accordingly, the lenders, investors and other users of this rating are requested to exercise adequate caution while using this rating as this rating may not adequately reflect the current credit risk profile of the company.

Analytical Approach & Applicable Criteria

Standalone

Financial Ratios & Interpretation – (Non-financial Sector)

Rating Methodology for Manufacturing entities

Guidelines on what constitutes Non-Cooperation by clients

About the Company

Sun Paper Mill Limited (SPML) was incorporated in the year 1961, being the 1st private sector paper manufacturing mill in India, by Dr. S.B. Adityan. Initially, he promoted the company as a backward-integration unit to manufacture and supply newsprint-grade paper to the group's flagship company, The Daily Thanthi (TDT – also known as Dina Thanthi), a leading Tamil newspaper. Its manufacturing unit is located at Cheranmahadevi, Tamil Nadu.

Financials (Standalone)

(INR Crore)

For the year ended / As on	31-03-18	31-03-19
	Audited	Audited
Total Operating Income	259.21	204.57
EBITDA	1.71	1.20
PAT	6.70	6.66
Tangible Net worth	49.49	56.15
Ratios		
PAT Margin	2.59	3.26
Overall Gearing Ratio	0.14	0.02

Status of non-cooperation with previous CRA: Nil



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Any other information: Nil

Rating History for last three years:

S. No	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20 (December 11 th , 2019)	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2016-17
1.	Long Term Proposed Facility – Proposed Term Loan	Long Term	165.00	IVR BB+ (INC)	IVR BBB/Stable	--	--
2.	Long Term Proposed Facility – Proposed Cash Credit	Long Term	50.75	IVR BB+ (INC)	IVR BBB/Stable	--	--
3.	Long Term Fund Based Facility – OCC	Long Term	4.25	IVR BB+ (INC)	IVR BBB/Stable	--	--
4.	Short Term Non Fund Based Facility – Letter of Credit	Short Term	15.00	IVR A4+ (INC)	IVR A3+	--	--



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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.

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

Name of Facility	Size of Facility (INR Crore)	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Rating Assigned/ Outlook
Long Term Proposed Facility – Proposed Term Loan	165.00	-	-	-	IVR BB+ (INC)
Long Term Proposed Facility – Proposed Cash Credit	50.75	-	-	-	IVR BB+ (INC)
Long Term Fund Based Facility – OCC	4.25	-	-	-	IVR BB+ (INC)
Short Term Non Fund Based Facility – Letter of Credit	15.00	-	-	-	IVR A4+ (INC)