



## Rating Rationale

Mohit Paper Mills Ltd

19<sup>th</sup> June 2017

**Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of Rs. 23.35 Crs of Mohit Paper Mills Ltd.**

### Particulars

Facility Rate*	Amount (Rs. Crs)		Tenure	Rating ^	
	Previous	Present		Previous	Present
Fund Based	20.35	20.85	Long Term	BWR BB+ Outlook: Stable	Upgraded to BWR BBB- Outlook: Stable
Non-Fund Based	3.50	2.50	Short Term	BWR A4+	Upgraded to BWR A3
<b>Total</b>	<b>23.85</b>	<b>Rs. 23.35 Crores (Rupees Twenty-Three Crores and Thirty-Five Lakhs Only.)</b>			

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings.

\* Details of the rated facilities have been mentioned in the annexure-I.

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied upon the audited financial results of **Mohit Paper Mills Ltd** up to FY16, 9MFY17 financials, projected financial statements up to FY18 and publicly available information, information/clarifications provided by the Company.

The ratings draw strength from the promoters' experience, long track record of the company, improved revenue levels of the company from past four financial years, debt/interest servicing capabilities, moderate gearing level, abundant availability of raw materials due to the facilities being favorably located. However, the ratings are constrained by modest scale of operations, exposure to foreign exchange fluctuation risks, susceptibility to volatility to finished goods prices, stretched cash conversion cycle and thin profit margins.

### Rating Outlook: Stable

BWR believes that Mohit Paper Mills Limited's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show



sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Company

Incorporated as public limited company in 1992 by Mr. Surendra Kumar Jain and Mr. Sandeep Jain, MPML manufactures Writing and Printing paper, Newsprint paper and Soda ash. The product range manufactured by the Company ranges from superior quality writing paper to offset printing paper and newsprint paper. Paper contributes to about 90.00% of total revenues and soda ash about 10.00%.

### Company Financial Performance

Net revenues have increased to ₹ 96.49 Crs in FY16 as against ₹ 90.37 Crs in FY15. However, profit after tax (PAT) stood at ₹ 0.88 Crs in FY16.

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History (2016)	Rating History (July, 2015)		Rating History (Feb, 2014)	
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	Rating	Amount (Rs Crs)	Rating	Amount (Rs Crs)	Rating
1.	Fund Based	Long Term	20.85	BWR BBB- (Stable)	Rating not Reviewed	20.35	BWR BB+ (Stable)	20.28	BWR BB+ (Stable)
2.	Non Fund Based	Short Term	2.50	BWR A3	Rating not Reviewed	3.50	BWR A4+	3.50	BWR A4+

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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**Annexure –I**  
**Rated facilities details**

Type of facility	Name of the facility	Amount (Rs. Crs)	
		Previous	Present
Long Term	Cash Credit	18.00	18.00
	Term Loan	2.35	2.85
<b>Long Term Total</b>		<b>20.35</b>	<b>20.85</b>
Short Term	Bank Guarantee	1.50	0.50
	Letter of Credit	2.00	2.00
<b>Short Term Total</b>		<b>3.50</b>	<b>2.50</b>
<b>Total (Short Term &amp; Long Term)</b>		<b>23.85</b>	<b>23.35</b>

**For print and digital media**

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

**DISCLAIMER**

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