Press Release

UNISOURCE PAPERS PRIVATE LIMITED

November 05, 2025

Rating Downgraded and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	44.00	ACUITE BB | Stable | Downgraded	-
Bank Loan Ratings	16.00	-	ACUITE A4+ | Reaffirmed
Total Outstanding Quantum (Rs. Cr)	60.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has downgraded its long-term rating to **'ACUITE BB' (read as ACUITE Double B)** from **'ACUITE BB+' (read as ACUITE Double B Plus)** and reaffirmed its short-term rating of **'ACUITE A4+' (read as ACUITE A Four Plus)** to the Rs. 60.00 Cr. bank facilities of Unisource Papers Private Limited (UPPL). The outlook is **'Stable'**.

Rationale for downgrade

The rating downgrade is driven by continued stretched liquidity position elevated in current fiscal with instances of overdrawing in working capital limits of 30 consecutive days in May 2025 and 10 days in September 2025. The rating also factors in the working capital intensive operations, modest scale and subdued profitability, below average financial risk profile, supplier concentration risk and intensely competitive and fragmented industry. The rating however draws support from the experienced management and long operational track record of the company.

About the Company

Incorporated in 2005, Unisource Papers Private Limited (UPPL) is an importer and supplier and processor of papers and paperboards manufactured by global and domestic paper mills. The Company has many products in its portfolio like KLB, Semi-chemical fluting, Sack Kraft paper, FBB, SBS, etc. The company imports, trades in and processes a variety of paper, including kraft, test liner, and virgin. The company imports ~20 per cent of its material requirement from US, Europe, and Australia whereas remaining requirements are fulfilled from domestic markets. UPPL has three units located at Pune and two units at Sonipat. Two units are dedicated for job work to ITC Limited. The Directors of the company are Mr. Inder Aurora and Mrs. Garima Chaddah.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Unisource Papers Private Limited (UPPL) to arrive at the rating.

Key Rating Drivers

Strengths

Established track record and experienced management

UPPL has an established track record of more than a decade in this line of business with an experienced management. The company is managed by Aurora family since its inception. The experience of the promoters has helped the company to maintain a healthy relationship with its customers and suppliers. Acuité believes that the company will benefit from the long track record of operations along with a healthy relationship with its customer and suppliers.

Modest scale of operations with subdued profitability

The scale of operations of the company remained modest with decline in revenue in FY2025 which stood at Rs. 205.33 crore as against Rs. 236.60 crore in FY24. However, there is an increase in sales in H1FY2026 of Rs.107.24 crores as compared to Rs. 96.74 crores in H1FY2025. However still lower than FY2024 levels. In FY25, decline was mainly due to various factors like high inflation, other geopolitical situations leading to slow down in the demand. Due to this, the company was compelled to drop the prices of the products to stay relevant in the market. The EBITDA stood at Rs. 5.88 Cr. in FY25 as against Rs. 6.31 Cr. in FY24. The operating margin of the company stood at 2.86 per cent in FY2025 as against 2.67 per cent in FY2024. In FY24, the issues related to product shortages, delayed shipments were resolved and there was an improvement in global situations resulting in improvement in operating margins. However, the company reported losses at operating PBT level of (Rs. 0.09 Cr) in FY2025 as against (Rs. 0.35 Cr) in FY2024. Acuite believes, the operating performance would remain steady on the back of improvement in operating environment.

Weaknesses

Below Average Financial Risk Profile

The financial risk profile of the company remained below average, marked by low net worth, moderate gearing and moderate debt protection metrics. The tangible net worth at stood at Rs.16.28 Cr. as on 31 March 2025 as against Rs. 16.09 crore as on 31 March 2024. The total debt of the company stood at Rs. 39.67 in FY25 as against Rs. 39.34 Cr. in FY24. Total debt includes Rs. 1.08 crore of long-term debt, Rs.36.34 crore of short-term debt and Rs.2.24 crore of CPLTD as on 31 March 2025. The gearing (debt-equity) stood high at 2.44 times as on 31 March 2025 as compared to 2.45 times as on 31 March 2024. Interest Coverage Ratio (ICR) stood at 1.52 times for FY25 as against 1.43 times for FY24. Debt Service Coverage Ratio (DSCR) stood below unity at 0.88 times in FY25 as against 0.89 times in FY24. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 3.64 times as on 31 March 2025 as against 3.75 times as on 31 March 2024. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.05 times for FY25 and FY24. Acuite believes, the ability of the company to improve its capital structure, coverage indicators driven by improved operating performance and no major debt-funded capex in the near to medium term will remain a key rating monitorable.

Working Capital Intensive Operations

The operations of the company remained working capital intensive marked by deteriorated gross current assets (GCA) of 95 days in FY25 as against 79 days in FY24. The increase in GCA days is on account of increased debtor days, which stood at 49 days in FY25 as against 42 days in FY24. The increase in debtor days is on the account of delay in the payment from an unorganized segment. The creditor days stood at 36 days in FY25 as against 33 days in FY24. The average credit period allowed by suppliers is of 40 days. The inventory holding period of the company stood similar at 29 days in FY25 as against 22 days in FY24. Further the fund-based limits stood over utilized as against drawing power with instances of overdrawing of consecutive 30 days in May 2025 and 10 days in September 2025. Acuite believes, the operations of the company would remain working capital intensive on the back of elevated debtors.

Highly competitive and fragmented industry with supplier concentration risk

The paper industry is highly competitive and fragmented marked by the presence of many organized and unorganized players in this industry, thus putting pressure on the profitability margins of the company. However, this risk is partially mitigated by company's experienced management and long-standing relationships with its reputed clientele. UPPL also faces a supplier concentration risk as more than 50% of its raw material requirements are being procured from ITC Limited.

Rating Sensitivities

- Substantial improvement in revenues and profitability
- Elongation in working capital cycle leading to further stress in liquidity, thereby impacting debt repayment
- Changes in financial risk profile

Liquidity Position

Stretched

The company's liquidity position is stretched marked by insufficient net cash accruals against its maturing debt obligations. The company has net cash accruals of Rs. 2.12 Crore in FY25 against its maturing debt obligations of Rs. 2.97 crore in the same tenure. Further, it is expected to generate cash accrual of ~Rs. 2.00 Cr. against the maturing repayment obligations of around Rs. 2.24 Cr. over the near term. The company has cash and bank balances of Rs. 0.69 Cr. as on March 31, 2025. The current ratio stands at 0.92 times as on March 31, 2025 as against 0.90 times as on March 31, 2024. Further the fund-based limits stood over utilized with instances of overdrawing of consecutive 30 days in May 2025 and 10 days in September 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	205.33	236.60
PAT	Rs. Cr.	0.19	(0.23)
PAT Margin	(%)	0.09	(0.10)
Total Debt/Tangible Net Worth	Times	2.44	2.45
PBDIT/Interest	Times	1.52	1.43

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

• Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
• Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.htm
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
• Trading Entities: https://www.acuite.in/view-rating-criteria-61.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Aug 2024	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	7.50	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	10.50	ACUITE BB+ | Stable (Reaffirmed)
	Term Loan	Long Term	1.05	ACUITE BB+ | Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.72	ACUITE BB+ | Stable (Reaffirmed)
	Term Loan	Long Term	4.23	ACUITE BB+ | Stable (Reaffirmed)
	Cash Credit	Long Term	7.50	ACUITE BB+ | Stable (Reaffirmed)
	Channel/Dealer/Vendor Financing	Long Term	18.00	ACUITE BB+ | Stable (Reaffirmed)
24 May 2023	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A4+ (Downgraded from ACUITE A3+)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Downgraded from ACUITE A3+)
	Letter of Credit	Short Term	7.50	ACUITE A4+ (Downgraded from ACUITE A3+)
	Letter of Credit	Short Term	4.00	ACUITE A4+ (Downgraded from ACUITE A3+)
	Cash Credit	Long Term	10.50	ACUITE BB+ | Negative (Downgraded from ACUITE BBB- | Stable)
	Term Loan	Long Term	1.66	ACUITE BB+ | Negative (Downgraded from ACUITE BBB- | Stable)
	Proposed Long Term Bank Facility	Long Term	0.01	ACUITE BB+ | Negative (Downgraded from ACUITE BBB- | Stable)
	Term Loan	Long Term	6.33	ACUITE BB+ | Negative (Downgraded from ACUITE BBB- | Stable)
	Cash Credit	Long Term	7.50	ACUITE BB+ | Negative (Downgraded from ACUITE BBB- | Stable)
	Channel/Dealer/Vendor Financing	Long Term	18.00	ACUITE BB+ | Negative (Downgraded from ACUITE BBB- | Stable)
22 Apr 2022	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	7.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	2.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	7.50	ACUITE BBB- | Stable (Assigned)
	Term Loan	Long Term	2.33	ACUITE BBB- | Stable (Assigned)
	Proposed Long Term	Long		

	Bank Facility	Term	0.17	ACUITE BBB- | Stable (Assigned)
	Term Loan	Long Term	5.97	ACUITE BBB- | Stable (Assigned)
	Cash Credit	Long Term	4.50	ACUITE BBB- | Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB- | Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	16.03	ACUITE BBB- | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
INDUSIND BANK LIMITED	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.50	Simple	ACUITE A4+ | Reaffirmed
ICICI BANK LIMITED	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A4+ | Reaffirmed
INDUSIND BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.50	Simple	ACUITE BB | Stable | Downgraded (from ACUITE BB+)
ICICI BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.50	Simple	ACUITE BB | Stable | Downgraded (from ACUITE BB+)
State Bank of India	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BB | Stable | Downgraded (from ACUITE BB+)
INDUSIND BANK LIMITED	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.50	Simple	ACUITE A4+ | Reaffirmed
ICICI BANK LIMITED	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE A4+ | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.97	Simple	ACUITE BB | Stable | Downgraded (from ACUITE BB+)
INDUSIND BANK LIMITED	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Aug 2027	1.65	Simple	ACUITE BB | Stable | Downgraded (from ACUITE BB+)
ICICI BANK LIMITED	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2026	0.38	Simple	ACUITE BB | Stable | Downgraded (from ACUITE BB+)

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations Ritika Lalwani Analyst-Rating Operations	**Contact details exclusively for investors and lenders** Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit https://www.acuite.in/faqs.htm to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.