



THE SOUTH INDIA PAPER MILLS LIMITED

Regd. Office & Factory : Chikkayana Chatra, Nanjangud - 571 302, Karnataka State, India

Corporate & Marketing Office : # 1205 / 1206, Prestige Meridian II, M.G Road, Bangalore - 560 001.

Ref: BSE / 2024 /

22.06.2024

BSE Limited
25th Floor, PhirozeJeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Tel: (022) 2272 1233/ 34

Dear Sir,

Scrip Code: 516108

Sub: Intimation regarding revision in Credit Rating from ICRA for Rs.250 Crores Line of Credit

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements)Regulations, 2015

This is to inform you that ICRA has downgraded the long term rating to **[ICRA]BB+ (pronounced ICRA double B+)** from **[ICRA]BBB-(pronounced ICRA triple B minus)** & **short term rating to [ICRA]A4+** (pronounced ICRA A four plus) from **[ICRA] A3** (pronounced ICRA A three) for our Rs 250 crore bank facilities of the Company.

The outlook on the long term rating is Negative.

The rating agency in their rationale for the rating downgrade along with the continuation of the Negative outlook on the bank lines of The South India Paper Mills Limited (SIPM), have considered the Company's stretched liquidity profile amid high impending debt repayments in the near to medium term, with the Company yet to scale up to its optimum utilisation levels following a large capex programme that was commercialised in FY2023. SIPML's DSCR is expected to remain subdued in the near-to-medium term, with debt repayments likely to be supported by the ongoing sale of old machineries

SIPM

CIN (Corporate Identity No.) L85110KA1959PLC001352

FACTORY : PHONE : (91) (08221) 228265-67

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and buffer in working capital limits, while the cash accruals may not be fully adequate to cover the debt obligations. Any infusion of equity, to shore up liquidity and support the repayments, will be a positive from a liquidity standpoint.

In their rationale they have also mentioned that In FY2024, SIPM reported operating income of Rs. 312.3 crore with net loss of Rs. 13.4 crore. The losses were due to suboptimal utilisation of the new capacities and high interest cost burden. While the Company's revenues improved sharply in Q4 FY2024 (in line with ICRA's expectations), sustenance of the same and meaningful improvement in its earnings profile in the near-to-medium term remains to be seen

The Negative outlook on the long-term rating reflects ICRA's opinion that the financial profile of the company will continue to remain under stress in the near term amid high impending repayments vis-à-vis cash accruals.

Considering all the above criteria, ICRA has downgraded the long term rating to [ICRA]BB+ (pronounced ICRA double B+) from [ICRA]BBB-(pronounced ICRA triple B minus) & short term rating to [ICRA]A4+ (pronounced ICRA A four plus) from [ICRA] A3 (pronounced ICRA A three) for our Rs 250 crore bank facilities of the Company with outlook on the long term rating as Negative.

Kindly take the same on your records.

Thanking You,
Yours faithfully

For The South India Paper Mills Limited

VIDYA
BHAT

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Date: 2024.06.22
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Vidya Bhat
Company Secretary



ICRA Limited

Ref: ICRA/The South India Paper Mills Limited/21062024/1

Date: June 21, 2024

Mr. Ravi Holla

CFO

The South India Paper Mills Limited

Chikkayana Chatra,
Nanjangud - 571 301,
Karnataka State, India

Dear Sir,

Re: Surveillance of ICRA-assigned Credit Rating for Rs. 250.00 Crore Bank Facilities of The South India Paper Mills Limited

Please refer to the Rating Agreement/Statement of Work dated November 2010 and December 20, 2021 executed between ICRA Limited ("ICRA") and your Company, whereby, ICRA is required to review its rating(s), on an annual basis, or as and when the circumstances so warrant. Based on a review of the latest developments, the Rating Committee of ICRA, after due consideration has **downgraded** the long-term rating to **[ICRA]BB+** (pronounced ICRA double B plus) from [ICRA]BBB- (pronounced ICRA triple B minus) and the short-term rating to **[ICRA]A4+** (pronounced ICRA A four plus) from [ICRA]A3 (pronounced ICRA A three). ("Rating"). The outlook on the long-term Rating is **Negative**. For Rating definition(s), please refer to ICRA website at www.icra.in.

In any of your publicity material or other document wherever you are using the above Rating(s), it should be stated as **[ICRA]BB+ (Negative)/[ICRA]A4+**.

The aforesaid Rating(s) will be due for surveillance any time before June 20, 2025. However, ICRA reserves the right to review and/or, revise the above Rating(s) at any time on the basis of new information becoming available, or the required information not being available, or other circumstances that ICRA believes could have an impact on the Rating(s). Therefore, request the lenders and Investors to visit ICRA website at www.icra.in for latest Rating(s) of the Company.

The Rating(s) are specific to the terms and conditions of the Bank Facilities as indicated to us by you, and any change in the terms or size of the same would require a review of the Rating(s) by us. In case there is any change in the terms and conditions or the size of the rated Bank Facilities, the same must be brought to our notice before the Bank Facilities is used by you. In the event such changes occur after the Rating(s) have been assigned by us and their use has been confirmed by you, the Rating(s) would be subject to our

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review, following which there could be a change in the Rating(s) previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the Bank Facilities from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

The Rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold the rated Bank Facilities availed/issued by your company.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s), or occurrence of any significant development that could impact the ability of the company to raise funds such as restriction imposed by any authority from raising funds through issuance of debt securities through electronic bidding system. Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We look forward to your communication and assure you of our best services.

With kind regards,
Yours sincerely,
For ICRA Limited

SUPRIO
BANERJEE

Digitally signed by
SUPRIO BANERJEE
Date: 2024.06.21
16:19:02 +05'30'

Suprio Banerjee
Vice President & Sector Head
supriob@icraindia.com



Annexure

Instrument Details

Details of Bank Limits Rated by ICRA (Rated on Long-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
	Term Loans		
HDFC Bank Limited	40.00	[ICRA]BB+ (Negative)	June 21, 2024
Bank of Baroda	126.77	[ICRA]BB+ (Negative)	June 21, 2024
	Cash Credit		
Bank of Baroda	70.00	[ICRA]BB+ (Negative)	June 21, 2024
	Unallocated Limits		
Unallocated Limits	7.73	[ICRA]BB+ (Negative)	June 21, 2024
Total	244.50		

Details of Bank Limits Rated by ICRA (Rated on Short-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
	Letter of Credit/ Bank Guarantee		
Bank of Baroda	5.50	[ICRA]A4+	June 21, 2024
Total	5.50		