

Pakka Limited

June 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	618.42	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Negative and moved to ISSUER NOT COOPERATING category
Short-term bank facilities	12.52	CARE A4+; ISSUER NOT COOPERATING*	Downgraded from CARE A3 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Pakka Limited to monitor ratings vide e-mail communications dated June 01, 2026, June 02, 2026, June 03, 2026, and numerous phone calls. However, despite repeated requests, the company has not provided requisite information for monitoring ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed ratings basis best available information, which, however, in CareEdge Ratings' opinion, is not sufficient to arrive at a fair rating. Ratings on Pakka Limited bank facilities will now be denoted as **CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING***.

Users of these ratings (including investors, lenders, and public at large) are hence requested to exercise caution while using these ratings.

Ratings have been downgraded on account of non-availability of requisite information due to non-cooperation by Pakka Limited with CARE Ratings Limited's efforts to undertake a review of ratings outstanding. CareEdge Ratings views information availability risk as a key factor in its assessment of credit risk.

Ratings remain constrained due to cost and time overrun in project Jagriti, project implementation and stabilisation risk due to refinancing of debt at higher interest rate, moderation in operational and financial performance of the company in provisional FY26 (refers to April 01, 2025, to March 31, 2026). Ratings continue to remain constrained by highly competitive nature of paper industry with fluctuation in raw material prices and strict pollution control norms. However, ratings continue to derive strength from its promoters' extensive experience and long operational track record with advantages in raw material procurement. Ratings also continue to derive comfort from comfortable capital structure and moderate debt coverage indicators.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 06, 2026, the following were the rating weaknesses and strengths (updated based on publically available information).

Key weaknesses

Cost and time overrun in project Jagriti with debt refinancing at high interest rates

Pakka Limited is undertaking a large capex of ₹676.26 crore equivalent to 1.34x of its tangible net worth (TNW) as on March 31, 2026, which is spread over FY24-FY26 (refers to April 01, 2023, to March 31, 2026). Capex aims to expand the company's production capacity from 130 metric tonne per day (MTPD) to 246 MTPD through installation of a new PM4 of 100 MTPD capacity, 10 MTPD increase in the existing paper mill, and an upgrade of the pulp mill to increase bleached capacity to 180 MTPD from 130 MTPD. The project cost of ₹676.26 crore was to be funded through a debt-equity mix of ₹441.45 crore (~65%), and ₹235.01 crore (~35%) respectively. However, delays in financial closure, firming up PM4-related redesigning aspects, which will provide an additional 15 MTPD capacity and adverse forex movements have led to a cost escalation of ₹67.74 crore. Consequently, the commercial operation date (COD) has been further extended to January 01, 2027, from previously extended COD of August 01,

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

2026. The company refinanced its existing term debt by repayment of outstanding debt through issuance of non-convertible debentures (NCDs) of ₹540 crore at a high interest rate (overall effective rate of interest of 16.95%).

Project implementation and stabilisation risk

The company incurred ₹465.41 crore of project cost (~62.56% of the total capex of ₹744.00 crore) as on December 31, 2025, funded through a mix of debt of ₹218.28 crore and balance from equity and internal accruals. Further, as per latest Lender's Independent Engineer (LIE) report dated December 2025, the company achieved physical progress of 57.61%, financial progress of 69.36% and obtained all "pre-establishment" approvals required for the project. CareEdge Ratings notes a significant fall in the company's share price, below the warrants exercise price. As of Q1FY27, remaining warrants have lapsed, and the company refinanced its debt by issuance of NCDs. Timely completion of capex, and stabilisation of operations post commissioning will remain key monitorable. These factors will be key for the company to generate sufficient gross cash accruals (GCA) to meet its debt-servicing obligations in a timely manner.

Operational disruptions impacted FY26 performance

In FY26, total operating income (TOI) moderated to ₹355.80 crore from ₹411.20 crore in FY25, primarily due to reduction in net sales realisations (NSR) across the industry. As part of the phased rollout under project Jagriti, which includes expansion of PM3 and pulp machine, the company undertook a planned shutdown of its manufacturing unit from June 16, 2025, to July 24, 2025. This shutdown led to nil pulp sales in the period, adversely affecting revenue and profit margins in Q1FY26 and Q2FY26. Operations normalised in Q3FY26 and thereafter, though revenue and profit margins declined in FY26 to ₹355.80 crore and ₹18.15 crore, respectively, from ₹411.20 crore and ₹56.70 crore, respectively, in FY25. However, in terms of production cost efficiency, against the peers and the industry trend, Pakka's cost of procurement is competitive. Additional capacity of 10 tonnes per day from PM3 and 70 MT of additional pulp is expected to support higher revenue and profitability. Going forward, optimal utilisation of PM3 and timely implementation and stabilisation of PM4 will remain critical for generating adequate operational cash flows and supporting the company's financial profile.

Highly fragmented and competitive industry with raw material price volatility

The paper packaging industry is highly competitive with intense competition from organised and unorganised players. This limits pricing power of the manufacturers and puts pressure on profitability. Pakka Limited uses agro-based raw material, procured primarily from the domestic markets and subject to seasonal availability that leads to high price volatility. The operating profitability of the company remains highly susceptible to raw material price volatility. Also, the paper packaging industry is recognised as one of the most environmentally impactful sectors, classified by the Central Pollution Control Board (CPCB) due to its extensive use of freshwater resources. Given that water is integral to every stage of the manufacturing process, the industry generates significant volume of wastewater and residual sludge waste, posing challenges in wastewater treatment, discharge, and sludge disposal. However, Pakka Limited has implemented an effluent treatment plant (ETP) to treat wastewater generated by the company. The company also complies with CPCB regulations and norms governing environmental standards.

Key strengths

Experienced and professional management team with long track record of operations

Pakka Limited, formerly known as Yash Pakka Limited until July 06, 2023, was founded in 1981 by late KK Jhunjhunwala. The company is currently managed by Ved Krishna, Managing Director, with over 25 years of industry experience and overseeing the company's overall operations and the help of professionals. The company has a long-standing presence in the paper packaging industry, spanning over four decades, which has helped in establishing long-standing business relationships with customers.

Locational advantages in form of easy raw material availability

The primary raw material, bagasse, used by the company in its manufacturing process is agro based. The plant is in Uttar Pradesh, which is the sugarcane hub of India, ensuring ample bagasse availability. Pakka Limited procures its bagasse fibre requirement from a 100-km radius, ensuring reliable and consistent supply. The company also benefits from long-term contracts with these suppliers, which enhances its supply chain efficiency.

Cost-effective production set-up with integrated operations

The paper packaging industry is capital and energy intensive. The company has set up a cost-effective production mechanism that comprises a captive power plant using rice husk with a capacity of 8.8 MW that addresses its major power requirement and reduces power cost, and an integrated soda recovery plant with a capacity of 145 MTPD that recovers caustic soda and reduces chemical cost. Pakka Limited is increasing the capacity of its captive power plant to 15 MW to cater to the steam and power requirement of the new and modified plant.

Comfortable capital structure and moderate debt coverage indicators

The company's capital structure remains comfortable, supported by its comfortable net worth base of ₹506.26 crore as on March 31, 2026, with overall gearing of 0.91x as on March 31, 2026 (PY: 0.42x). However, debt coverage metrics moderated as reflected by total debt to GCA (TD/GCA) of 13.22x in FY26 (PY: 2.95x) because of sizable term debt availed for partly funding capex in Ayodhya, Uttar Pradesh.

Liquidity: Adequate

The liquidity position of the company remains adequate as reflected by projected GCA of ~₹42.78 crore in FY26 against scheduled repayment of ₹13.02 crore. The company has free cash and bank balance of ₹15.00 crore as on December 31, 2025, and average utilisation of fund-based working capital limits (based on maximum level) remained at ~84% in the past 12 month's period ending December 2025. Optimal utilisation of PM3 and the timely implementation and stabilisation of PM4 will remain critical for generating adequate operational cash flows and supporting the company's liquidity position.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Paper & Paper Products](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Forest Materials	Paper, Forest & Jute Products	Paper & Paper Products

Pakka Limited (formerly known as Yash Pakka Limited) was incorporated in 1981 and is engaged in manufacturing machine glazed agro based 30 ~ 100 GSM paper of unbleached kraft, bleached kraft, and coloured kraft varieties. The company also entered manufacturing tableware products since 2018. The company has manufacturing capacity of 136 MTPD at its plant in Ayodhya, Uttar Pradesh, and is undergoing expansion in production capacity under project Jagriti through installing PM4 with a capacity of 100 MTPD, increasing existing paper mill capacity by additional 10 MTPD and also upgrading the existing pulp mill to increase bleached capacity from 130 MTPD to 180 MTPD. This will boost the mill's total production capacity from current 136 MTPD to 246 MTPD.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)
Total operating income	411.20	355.80
PBILDT*	82.45	42.15
Profit after tax (PAT)	56.70	18.15
Overall gearing (x)	0.42	0.91
Interest coverage (x)	8.00	3.70

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA:

Brickwork has continued to place ratings assigned to bank facilities of Pakka Limited in the 'issuer not -cooperating' category vide press release dated June 09, 2025, considering its inability to carry out review in the absence of requisite information from the company.

India Ratings has continued to place ratings assigned to bank facilities of Pakka Limited in the 'issuer not -cooperating' category vide press release dated July 18, 2025, considering its inability to carry out review in the absence of requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	June, 2029	483.57	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits	-	-	-	-	134.85	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	-	12.52	CARE A4+; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Term Loan	LT	483.57	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Negative (06-Mar-26) 2)CARE BBB; Stable (29-Apr-25)	1)CARE BBB; Stable (06-Jan-25)	1)CARE BBB (RWD) (07-Mar-24) 2)CARE BBB; Stable (06-Apr-23)
2	Fund-based - LT-Working Capital Limits	LT	134.85	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Negative (06-Mar-26) 2)CARE BBB; Stable (29-Apr-25)	1)CARE BBB; Stable (06-Jan-25)	1)CARE BBB (RWD) (07-Mar-24) 2)CARE BBB; Stable (06-Apr-23)
3	Non-fund-based - ST-BG/LC	ST	12.52	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A3 (06-Mar-26) 2)CARE A3+ (29-Apr-25)	1)CARE A3+ (06-Jan-25)	1)CARE A3+ (RWD) (07-Mar-24) 2)CARE A3+ (06-Apr-23)

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

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated: Not applicable

Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In

²SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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