



Press Release

Sardhana Papers Private Limited

October 01, 2024

Rating

Security Facility /	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	47.70	IVR BB; Negative; ISSUER NOT COOPERATING* (IVR Double B with Negative outlook; ISSUER NOT COOPERATING)	IVR BB+; Stable (IVR Double B Plus with Stable Outlook)	Downgraded with revision in outlook from Stable to Negative and moved to ISSUER NOT COOPERATING category	Simple
Total	47.70 (Rupees forty seven crore and seventy lakh only)				

*Issuer did not cooperate; based on best available information

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has downgraded the ratings assigned to the bank facilities of Sardhana Papers Private Limited (SPPL) because of non-cooperation by the company despite repeated follow ups and lack of adequate information leading to information availability risk and hence uncertainty around its credit risk.

Infomerics Ratings assesses whether the information available about the company is commensurate with its rating and reviews the same as per its policy. The outlook remains negative due to information availability risk.

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 company.

Non-cooperation by Issuer

Infomerics Ratings has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide mail communications dated July 19, 2024, August 23, 2024, August 28, 2024 and concurrently over several phone calls. However, despite repeated requests by Infomerics Ratings, the company's management has



Press Release

neither submitted all the required information for conducting the review of the ratings, nor the surveillance fees. Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics Ratings has to review the ratings based on the best available information.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

[Guidelines on what constitutes Non-Cooperation by clients](#)

[Policy of default recognition](#)

[Criteria on complexity](#)

Liquidity: Unable to comment due to non-availability of information despite repeated follow ups.

About the company

Sardhana Papers Private Limited (SPPL) was incorporated in March 1985 in Meerut, Uttar Pradesh and the company has been into the business of Manufacturing of Kraft Paper since 1987. The plant has an installed capacity of 36,000 TPA. The company was promoted by Mr Neeraj Gupta, Mr Manoj Kumar Gupta and Mr Saurabh Gupta. The promoters are having more than three decades of experience in the industry has helped SPPL to establish healthy relationship with its suppliers and customers.

Financials (Standalone):

(Rs. crore)		
For the year ended/ As on*	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	117.83	111.04
EBITDA	4.00	4.79
PAT	0.94	1.05
Total Debt	21.10	15.03
Tangible Net Worth	15.97	17.03
Adjusted Tangible Net Worth	15.97	26.09
EBITDA Margin (%)	3.40	4.31
PAT Margin (%)	0.80	0.95
Overall Gearing Ratio (x)	1.32	0.58
Interest Coverage (x)	2.55	2.67

* Classification as per Infomerics' standards.



Press Release

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Sep 08, 2023	-	-
1.	Term Loan	Long Term	33.70	IVR BB; Negative; ISSUER NOT COOPERATING*	IVR BB+; Stable	-	-
3.	Cash Credit	Long Term	14.00	IVR BB; Negative; ISSUER NOT COOPERATING*	IVR BB+; Stable	-	-

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

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



Press Release

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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 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: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan	-	-	-	Mar 2032	33.70	IVR BB; Negative; ISSUER NOT COOPERATING
Long Term Bank Facilities – Cash Credit	-	-	-	-	14.00	IVR BB; Negative; ISSUER NOT COOPERATING

Annexure 2: Facility wise lender details: Not Available

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

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.