

## Press Release

Sabarmati Papers Private Limited

February 13, 2023



### Rating Reaffirmed and Issuer not co-operating

| Product                            | Quantum (Rs. Cr) | Long Term Rating                                  | Short Term Rating                                 |
|------------------------------------|------------------|---------------------------------------------------|---------------------------------------------------|
| Bank Loan Ratings                  | 17.73            | ACUITE B+   Reaffirmed   Issuer not co-operating* | -                                                 |
| Bank Loan Ratings                  | 1.27             | -                                                 | ACUITE A4   Reaffirmed   Issuer not co-operating* |
| Total Outstanding Quantum (Rs. Cr) | 19.00            | -                                                 | -                                                 |

### Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE B+**' (read as **ACUITE B Plus**) and short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 19.00 Cr. bank facilities of Sabarmati Papers Private Limited (SPPL). The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information.

### About the Company

SPPL, a Gujarat-based company was incorporated in 1969 by Mr. Mahendrabhai Patel and Mr. Chinmay Patel. The company manufactures paper boards of 250-600 Grams per Square Meter (GSM), used mainly in the packaging industry. The company has expanded its installed capacity to 36000 M.T (Metric Tonnes) per annum from the existing 21000 M.T per annum.

### Non-cooperation by the issuer/borrower:

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

### Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit

rating is based.

### Rating Sensitivity

"No information provided by the issuer / available for Acuite to comment upon."

### Material Covenants

None

### Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

### Outlook

Not Applicable

### Other Factors affecting Rating

Not Applicable

### Key Financials

| Particulars                   | Unit    | FY 22 (Actual) | FY 21 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income              | Rs. Cr. | 159.55         | 76.35          |
| PAT                           | Rs. Cr. | (0.70)         | 0.04           |
| PAT Margin                    | (%)     | (0.44)         | 0.05           |
| Total Debt/Tangible Net Worth | Times   | 4.05           | 2.94           |
| PBDIT/Interest                | Times   | 1.59           | 1.93           |

### Status of non-cooperation with previous CRA

None

### Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

### Applicable Criteria

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

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite 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](http://www.acuite.in).

## Rating History

| Date        | Name of Instruments/Facilities | Term       | Amount (Rs. Cr) | Rating/Outlook                                       |
|-------------|--------------------------------|------------|-----------------|------------------------------------------------------|
| 15 Nov 2021 | Letter of Credit               | Short Term | 1.27            | ACUITE A4 (Downgraded and Issuer not co-operating*)  |
|             | Term Loan                      | Long Term  | 1.03            | ACUITE B+ (Downgraded and Issuer not co-operating*)  |
|             | Proposed Bank Facility         | Long Term  | 1.73            | ACUITE B+ (Downgraded and Issuer not co-operating*)  |
|             | Cash Credit                    | Long Term  | 12.00           | ACUITE B+ (Downgraded and Issuer not co-operating*)  |
|             | Term Loan                      | Long Term  | 2.97            | ACUITE B+ (Downgraded and Issuer not co-operating*)  |
| 19 Aug 2020 | Proposed Bank Facility         | Long Term  | 1.73            | ACUITE BB- (Downgraded and Issuer not co-operating*) |
|             | Term Loan                      | Long Term  | 1.03            | ACUITE BB- (Downgraded and Issuer not co-operating*) |
|             | Cash Credit                    | Long Term  | 12.00           | ACUITE BB- (Downgraded and Issuer not co-operating*) |
|             | Letter of Credit               | Short Term | 1.27            | ACUITE A4+ (Issuer not co-operating*)                |
|             | Term Loan                      | Long Term  | 2.97            | ACUITE BB- (Downgraded and Issuer not co-operating*) |

## Annexure - Details of instruments rated

| Lender's Name       | ISIN           | Facilities                         | Date Of Issuance | Coupon Rate    | Maturity Date | Complexity Level | Quantum (Rs. Cr.) | Rating                                                     |
|---------------------|----------------|------------------------------------|------------------|----------------|---------------|------------------|-------------------|------------------------------------------------------------|
| Union Bank of India | Not Applicable | Bank Guarantee/Letter of Guarantee | Not Applicable   | Not Applicable | 26 May 2017   | Simple           | 1.27              | ACUITE A4<br> <br>Reaffirmed<br>  Issuer not co-operating* |
| Union Bank of India | Not Applicable | Cash Credit                        | Not Applicable   | Not Applicable | 26 May 2017   | Simple           | 12.00             | ACUITE B+<br> <br>Reaffirmed<br>  Issuer not co-operating* |
| Not Applicable      | Not Applicable | Proposed Long Term Bank Facility   | Not Applicable   | Not Applicable | 26 May 2017   | Simple           | 1.73              | ACUITE B+<br> <br>Reaffirmed<br>  Issuer not co-operating* |
| Union Bank of India | Not Applicable | Term Loan                          | Not available    | Not available  | 26 May 2017   | Simple           | 2.97              | ACUITE B+<br> <br>Reaffirmed<br>  Issuer not co-operating* |
| Union Bank of India | Not Applicable | Term Loan                          | Not available    | Not available  | 26 May 2017   | Simple           | 1.03              | ACUITE B+<br> <br>Reaffirmed<br>  Issuer not co-operating* |

## Contacts

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
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### 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.

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