

JGN Sugar and Biofuels Private Limited

September 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	330.00	CARE BB+ (CE); Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE A- (CE); Stable
Short Term Bank Facilities	5.20	CARE A4+ (CE); ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE A2+ (CE)

Details of instruments/facilities in Annexure-1.

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

@ The rating is backed by unconditional, irrevocable, and legally enforceable corporate guarantee extended by Bahl Paper Mills Limited

Unsupported rating	CARE BB / CARE A4; ISSUER NOT COOPERATING* [Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB- / CARE A3]
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Note: Unsupported rating does not factor in the explicit credit enhancement.

*Issuer did not cooperate; based on best available information

Rationale and key rating drivers for credit enhanced debt

Ratings assigned to bank facilities of JGN Sugar and Biofuels Private Limited (JGN) factor in the credit enhancement in form of corporate guarantee provided by Bahl Paper Mills Limited (BPML). The guarantee is unconditional, irrevocable, and enforceable for the entire amount and tenor.

Rationale and key rating drivers of Bahl Paper Mills Limited (Guarantor)

CARE Ratings Limited (Care Edge Ratings) had, vide its press release dated March 28, 2025, placed the rating of JGN Sugar & Biofuels Private Limited (JGN) under the 'issuer non-cooperating' category as JGN had failed to provide information for monitoring of the rating. JGN continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated September 19, 2025, September 22, 2025, September 23, 2025 and September 24, 2025. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating.

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

The rating downgrade is in line with Securities and Exchange Board of India (SEBI)'s circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dated January 03, 2020, regarding strengthening of the rating process in respect of issuer non-cooperation (INC) ratings. Accordingly, from July 01, 2020, CareEdge Ratings has implemented a process to review and downgrade any investment grade INC rating to non-investment grade with INC status, if the issuer has all outstanding ratings as non-cooperative for over six months.

Ratings have been downgraded considering moderation in operational performance of BPML owing to the industry-wide impact of declining realisations and surging raw material prices. This is further exacerbated by nascent stage of operations of its wholly owned subsidiary JGN, which is incurring operating losses at present. BPML's overall financial risk profile also moderated on a consolidated basis mainly considering large debt funded capex in its wholly owned subsidiary, though capital structure and debt coverage indicators stand comfortable as on March 31, 2024. Furthermore, ratings continue to remain constrained owing to profitability susceptible margins to wastepaper price volatility, venturing into unrelated line of business with no prior experience of promoter's and significant exposure in the group company in the form of equity and corporate guarantee, stringent pollution control norms, and BPML's presence in a highly fragmented and cyclical industry.

However, strength is derived from BPML's established and long track record of operations in the paper industry, experienced promoters, diversified product profile and customer base.

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

Key Rating drivers of JGN Sugar & Biofuels Private Limited, Unsupported ratings

JGN Sugar & Biofuels Private Limited has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on JGN Sugar & Biofuels Private Ltd.'s bank facilities will now be denoted as **CARE BB/CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Revision in ratings of JGN consider its nascent stage of operations, leading to operating losses in current fiscal.

The unsupported ratings of JGN continue to derive strength from the comfortable financial risk profile and liquidity position of its parent, BPML. However, rating strengths are partially offset by the promoters' lack of prior experience in a similar line of business, the plant being partially in the stabilisation phase and some parts still under construction and the cyclical and regulated nature of sugar industry.

Analytical approach:

Credit Enhancement Rating: The ratings assigned to the bank facilities of JGN are based on the assessment of BPML, which has extended an unconditional and irrevocable corporate guarantee. Further, for the rating analysis of BPML, CARE has adopted consolidated approach. List of entities considered under consolidation are mentioned in **Annexure-6**.

Unsupported Rating: Standalone assessment of JGN has been considered while factoring in financial linkage with parent i.e. BPML and common management.

Outlook: Stable

CARE Ratings believes that the entity shall sustain its comfortable financial risk profile over the medium term along with need-based support from parent BPML in times of need.

Detailed description of key rating drivers:

At the time of last rating on March 28, 2025, the following were the rating strengths and weaknesses (updated for the limited information available from the company)

Key weaknesses

Moderation in the overall financial risk profile of BPML

BPML, on a standalone basis, had an overdraft facility of Rs.47 crore sanctioned from Punjab National Bank, which was utilized to the extent of Rs.8.03 crore as on Mar-31, 2023. However, post consolidation of JGN Sugar & Biofuels Private Limited, the total debt has increased to Rs. 285.26 crore as on September 30, 2024. The overall gearing ratio, though moderated to 0.48x as on September 30, 2024 (As on Mar-31, 2023: 0.02x), remains comfortable. The debt coverage indicators also moderated with interest coverage ratio (PBILDT/Interest) and total debt to GCA of 13.91x and 6.71x respectively as on September 30, 2024 (As on March 31, 2024: 32.03x and 2.39x).

Susceptibility of profitability margins to volatility in prices of wastepaper

Wastepaper is the key cost contributor for BPML, constituting around 65%-72% of the total cost of goods sold. The company receives orders at the beginning of the month, based on which it procures wastepaper. Any adverse movement in raw material prices can negatively impact the company's profit margins, as witnessed by the moderation of margins in FY23. Further, the price of other inputs like rice-husk for steam generation for the boiler also adversely impacts profitability. Raw material price fluctuations and the demand-supply scenario impacts the sales realisations.

Venturing into unrelated line of business without any prior experience of promoters'

BPML has forayed into sugar/ethanol business through acquiring 80% share in JGN (equity investment of ~Rs.72.00 crore). However, Mr. C.K. Jain (20% shareholder in JGN and holding directorship position) has prior experience in similar industry through

Gulshan Polyols Limited where he holds position of Chairman and Managing Director. Additional investment in JGN and BPML's return on the same will remain a key monitorable.

Stringent pollution control norms

Paper industry is one of the most polluting industries, as identified and categorised by Central Pollution Control Board (CPCB), due to extensive use of fresh water. Water is used in nearly every step of the manufacturing process, resulting in large volumes of wastewater and residual sludge waste. This presents several challenges related to wastewater treatment, discharge and sludge disposal. BPML has an Effluent treatment Plant (ETP) in place with adequate capacity to treat the waste water produced by the company.

Cyclical nature of industry and high competition

The paper industry is highly competitive in nature with stiff competition from large number of organised as well as unorganized players and threat from imports. This limits the pricing power of the manufacturers in terms of flexibility to pass on the raw material price fluctuation to its customers. The demand for paper is directly correlated to the level of economic activity, as higher industrial output leads to increased demand for industrial paper for packaging; increased marketing spend benefits the newsprint and value-added segments; and greater education and office activities raises the demand for Writing & Printing Paper (WPP).

Key strengths

Experienced Promoters with long track record of operations

Incorporated in 1996, the company is managed by Mr. Naveen Jhanji (Managing Director), who looks the overall operations. He is a post graduate by qualification and has over 25 years of industry experience. Additionally, he is supported by a team of qualified professionals who look after their respective domains.

Diversified product profile and customer base

The company has a well-diversified product portfolio as it manufactures various categories of duplex board (used in the printing and packaging industry), high-grade kraft paper and poster paper with ~80% of total revenue generated from duplex board. Further, BPML's products cater to various industries including pharmaceuticals, food chains, footwear, cosmetics, toiletries, liquor, FMCG etc. which helps protect BPML from downturn in any single industry. The company has a network of more than 100 dealers across India, except in a few southern states.

Moderate yet stable operational performance

The company reported a moderation of ~19% in the total operating income (TOI), which stood at ₹485.14 crore in FY24 (PY: ₹601.10 crore) due to an overall downturn in the paper industry. Intense competition prevented the company from passing on increased input costs, impacting realisations and leading to a drop in operating margins. The profit before interest, lease rentals, depreciation and taxation (PBILDT) margin stood at 16.61% in FY24 (PY: 17.42%). However, profit after taxation (PAT) margin improved by 153 bps and stood at 15.19% (PY: 13.66%) owing to an increase in non-operating income in the form of interest received.

Further, during H1FY25 (refers to period from April 01, 2024 to September 30, 2024), the company reported total operating income of Rs.380.55 crore with PBILDT and PAT margin of 11.66% and 10.98% respectively.

Liquidity: Strong

Liquidity position of the company is strong as reflected by encumbered cash and bank balance to the tune of Rs.84.07 crore as on September 30, 2024. Further, company at a consolidated level is not scheduled to repay any term loan instalments in FY25 as JGN has been given moratorium period of 2 years on the sanctioned loan. The company is not planning to incur any major capex in the near to medium term apart from the project related to JGN Sugar and Biofuels Private Limited and a need based support to JGN.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Sugar Sector](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)
[Rating Credit Enhanced Debt](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Consolidation](#)
[Paper Industry](#)
[Factoring linkages Parent Sub JV Group](#)

Adequacy of credit enhancement structure

The guarantee provided by BPML is unconditional and irrevocable and covers the entire rated amount and tenor. The projected financials of JGN, including the guaranteed debt, are adequately factored in the consolidated financials of the guarantor. CARE Ratings has also considered multiple scenarios to test the adequacy of the credit enhancement structure.

About the Credit Enhancement Provider

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Sugar

Incorporated in 1996, BPML was established by Mr. Naresh Jhanji. It is engaged in manufacturing various categories of coated duplex board, kraft paper, and MG Poster paper. The company's manufacturing plant is in Kashipur, Uttarakhand with an installed manufacturing capacity of 96,300 MTPA (Metric tonne per annum) of duplex board and 16,500 MTPA (Metric tonne per annum) of kraft and poster paper as on March 31, 2024

Brief Financials (₹ crore) (Consolidated)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	601.10	485.14	380.55
PBILDT	104.72	80.56	44.37
PAT	82.11	73.69	31.96
Overall gearing (times)	0.02	0.37	0.48
Interest coverage (times)	484.37	32.03	13.91

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

About the company & industry (JGN)

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Sugar

JGN, incorporated on September 19, 2022, is a consortium of Bahl Paper Mills Limited (BPML) (holding ~80% shareholding in JGN) and Mr. C.K. Jain (holding ~20% shareholding). The company is formed to install and commence production of sugar, ethanol, and cogeneration plants on land leased from Uttarakhand Sahakari Chini Mills Sangh Limited on a develop, operate, maintain and transfer (DOMT) basis. The property is located at Sitarganj, Uttarakhand. The project consists of upgrading/setting up capacities of 3,240 TCD (tons of cane per day), 3,000 TCD of raw sugar syrup for ethanol processing, distillery plant of 225

KLPD (Kilo litres per day), and 21.80 MW (Mega watt) power plant at Sitarganj, Uttarakhand. The total cost of the project is Rs.396.33 crore, which has been funded through equity share capital (Rs.140 crore) (~35%) (already infused), 10% convertible debentures (~10%) (already infused) and term loan (Rs.215.00 crore) (~65%) (already sanctioned and disbursed). The project is divided into two phases: Phase 1 includes upgrading the current sugar plant capacity to 3,240 TCD from 2,500 TCD and setting up of 21.80 MW Co-generation plant, while Phase 2 involves setting up a 3,000 TCD sugar syrup plant, and 225 KLPD ethanol processing plant. As per the CA certificate dated Nov 30th, 2024, the company has incurred costs of Rs.337.74 crore, which is ~85% of the total project cost.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	-	20.00	58.67
PBILDT	-	2.16	(3.88)
PAT	-	(1.69)	(7.90)
Overall gearing (times)	NM	2.33	2.19
Interest coverage (times)	-	0.96	NM

A: Audited UA: Unaudited; Note: these are latest available financial results; NM: Not Mentionable

Status of non-cooperation with previous CRA: Not Applicable

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-Cash Credit		-	-	-	70.00	CARE BB+ (CE); Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	September 2032	260.00	CARE BB+ (CE); Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Forward Contract		-	-	-	5.20	CARE A4+ (CE); ISSUER NOT COOPERATING*
Un Supported Rating-Un Supported Rating (LT/ST)		-	-	-	0.00	CARE BB / 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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	260.00	CARE BB+ (CE); Stable; ISSUER NOT COOPERATING *	-	1)CARE A-(CE); Stable; ISSUER NOT COOPERATING * (28-Mar-25)	1)CARE A (CE); Stable (16-Feb-24)	-
2	Fund-based - LT-Cash Credit	LT	70.00	CARE BB+ (CE); Stable; ISSUER NOT COOPERATING *	-	1)CARE A-(CE); Stable; ISSUER NOT COOPERATING * (28-Mar-25)	1)CARE A (CE); Stable (16-Feb-24)	-
3	Un Supported Rating-Un Supported Rating (LT/ST)	LT/ST	0.00	CARE BB / CARE A4; ISSUER NOT COOPERATING *	-	1)CARE BBB- / CARE A3; ISSUER NOT COOPERATING * (28-Mar-25)	1)CARE BBB / CARE A3 (16-Feb-24)	-
4	Non-fund-based - ST-Forward Contract	ST	5.20	CARE A4+ (CE); ISSUER NOT COOPERATING *	-	1)CARE A2+ (CE); ISSUER NOT COOPERATING * (28-Mar-25)	1)CARE A1 (CE) (16-Feb-24)	-

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Name of the instrument	Detailed explanation
A. Financial Covenants	Not Applicable
B. Non-Financial Covenants	
I.	Any change in the borrower's capital structure where the shareholding of the existing promoters gets diluted below current level or leads to dilution in controlling stake for any reason.
II.	Promoter's shares in the borrowing entity should not be pledged to any Bank/NBFC/Institution without prior consent

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Complex
2	Fund-based - LT-Term Loan	Complex
3	Non-fund-based - ST-Forward Contract	Complex
4	Un Supported Rating-Un Supported Rating (LT/ST)	Complex

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	JGN Sugar & Biofuels Private Limited	Proportionate	BPML has given corporate guarantee to the bank facilities sanctioned to JGN and the both companies have common management.

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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