

MAY 26, 2015

CARE PLACES THE RATINGS ASSIGNED TO BANK FACILITIES OF SHREE RAMA NEWSPRINT LIMITED ON CREDIT WATCH

Ratings

Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	160.00	CARE BBB (SO) [Triple B (Structured Obligation)]*	Placed on Credit Watch
Long-term Bank Facilities	60.00	CARE D [Single D]	Placed on Credit Watch
Short-term Bank Facilities	75.00	CARE D [Single D]	Placed on Credit Watch
Total Facilities	295.00		

*Backed by unconditional and irrevocable corporate guarantee extended by The West Coast Paper Mills Limited to the lenders of Shree Rama Newsprint Limited for repayment of the obligations on the bank facilities.

Rating Rationale

CARE has placed ratings assigned to the bank facilities of Shree Rama Newsprint Limited (SRNL) on “credit watch” in view of its proposed acquisition by Riddhi Siddhi Gluco Biols Ltd (RSGL) and consequently expected release of the corporate guarantee extended by The West Coast Paper Mills Limited (WCPL, rated CARE BBB/CARE A3 (On Credit Watch)) to the lenders of SRNL for repayment of the obligations on the bank facilities. CARE is monitoring the developments in this regard and will take a view on the ratings once the exact implications of the above development on the credit profile of the company are clear.

Background

Incorporated in 1994, SRNL was initially promoted by Mr. Vashu Ram Singhani. SRNL went into financial trouble in the initial years of operations and WCPL acquired stake in SRNL as a part of debt restructuring exercise in September 2003. WCPL along with promoter group companies hold 50.10% of the equity share capital of SRNL as on March 31, 2015. The promoter group has been operating in the paper industry for almost six decades. Mr. S.K. Bangur has served as the president of the Indian Paper Manufacturers’ Association, an apex body of large and integrated paper mills, from 2001 to 2003.

With an installed capacity of 132,000 metric tonnes per annum (MTPA); SRNL is one of the largest newsprint manufacturers in the country. With its plant located near the industrial belt of Hazira (in the Surat district of Gujarat); SRNL has access to most of the major newspaper publishers in the Northern, Western and Southern states of the country. In FY14 (refers to period from April 1 to March 31), SRNL reported total income of Rs.404 crore as compared to Rs.378 crore in FY13. The company reported adjusted net loss of Rs.68 crore in FY14 as compared to adjusted net loss of Rs.57 crore in FY13. In 9MFY15, SRNL reported total income Rs.305 crore and net loss of Rs.66 crore.

Analyst Contact

Name: Mr. Divyesh Shah

Tel: 022 - 6144 3528

Email: divyesh.shah@careratings.com

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@carerating.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@carerating.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

JAIPUR**Mr. Rahul Jain**

304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 93149 21496
 Tel: +91-141-402 0213 / 14
 E-mail: rahul.jain@careratings.com

BENGALURU**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

KOLKATA**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH**Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

NEW DELHI**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail: rahul.patni@careratings.com

HYDERABAD**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Tel: +91-40-4010 2030
 E-mail: saikat.roy@careratings.com

CIN - L67190MH1993PLC071691