Rating Rationale

Sitarganj Fibers Ltd.

27 June 2019

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 52.10 Crs. of Sitarganj Fibers Ltd.

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Mar'18)	Present
Fund based	**40.10**	**40.10**	**Long Term**	**Issuer Non Cooperating*** BWR BB (Pronounced as BWR Double B) Outlook: Stable	**BWR D (Pronounced as BWR Single D) (Downgrade)**
Non Fund Based	**12.00**	**12.00**	**Short Term**	**Issuer Non Cooperating*** BWR A4 (Pronounced as BWR Single A Four)	
Total	**52.10**	**52.10**	**INR Fifty Two Crores and Ten Lakhs only.**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Issuer did not cooperate; based on best available information

Nature of Communication: The rating was due for review in Dec 2017. BWR took up with the issuer and bankers to provide the required information be emails and phone calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. As the company has been mentioned in the IBBI Subscription on Public Announcement of Corporate Insolvency Resolution, based on best available information, the rating for the rating is downgraded to BWR D.

Limitations of the rating: Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit ratings should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non transparency and withholding of information required for a review of the rating.

About the Company (Information as available in July, 2015)

Sitarganj Fibers Limited, promoted by Mr. Tapan Singhania, Mr.Rajesh Kumar Singhania and Mr. Prashant Sethi, was incorporated in March 2012.The company, engaged in manufacturing, trading and processing of Polyester staple fibre (PSF), commenced operations by taking over the manufacturing unit of OBETEE Textile Pvt ltd located at Sitarganj, Uttarakhand in March 2012.The unit has an installed capacity of 40 mtpl as on March 31,2015. The company sells its product in the states of Uttarakhand, Delhi and Uttar Pradesh. through its own marketing network.

Financial Performance (Information as available in July, 2015)

The Total Operating Income has increased from Rs. 90.10 crs in FY14 to Rs.146.89 crs in FY15 (provisional financials). Operating Profit has increased from Rs.7.15 crs in FY14 to Rs.11.49 crs in FY15, through the effective management of operating expenses. Net Profit Margin improved from 1.77% in FY14 to 2.56% in FY15, while Tangible Net worth improved from Rs.25.96 crs in FY14 to Rs.41.60 crs in FY15, through infusion of funds and retention of profits in the business. Gearing ratio improved from 1.92 times in FY14 to 1.55 times in FY15, interest service coverage ratio has marginally improved from 1.83 in FY14 to 1.94 times in FY15, due to overall improvement in operating profit.

Rating History for the last four years (including withdrawn/suspended ratings)

S.No	Facility	Current Rating (2019)			Rating History			
		Type (Long Term/ Short Term)	Amount (₹ Cr)	Rating^	2018	2017	2016	2015
1.	Fund Based	Long Term	40.10	BWR D (Pronounced as BWR Single D) Downgraded	**Issuer Did Not Cooperate**; BWR BB (Pronounced as BWR Double B) Outlook: Stable	No Change	Rating not reviewed	BWR BB+(Pronounced as BWR Double B Plus) Outlook: Stable
2.	Non Fund Based	Short Term	12.00		**Issuer Did Not Cooperate**; BWR A4 (Pronounced as BWR Single A Four)			BWR A4+ (Pronounced as BWR Single A Four Plus)
	Total		**52.10**	**INR Fifty Two Crores and Ten Lakhs only.**				

^Issuer did not cooperate; based on best available information

Any other information

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **What Constitutes Non-Cooperation**
  - **Default Recognition & Curing Period**

For any other criteria obtain **hyperlinks** from website

Analytical Contacts	Investor Contacts
RK Sharma Senior Director - Ratings B :+91 11 2341 2232 rksharma@brickworkratings.com **Shweta Tandon** Ratings Analyst B :+91 11 2341 2232 Ext :111 shweta.t@brickworkratings.com	**Satish Nair** Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 22 6745 6666 satish.n@brickworkratings.com
1-860-425-2742	

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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

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DISCLAIMER

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