



PUDUMJEE

PUDUMJEE PAPER PRODUCTS LTD.

Registered Office

VJ: 3463

17th December, 2016

The Manager,
Listing Department,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051.

Scrip Code:- PDMJEPAPER

The Manager,
Corporate Relationship Department,
BSE Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001.

Scrip Code:- 539785

Dear Sir/Madam,

Sub.: Intimation of Revision in Credit Rating under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

In accordance with Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations") we hereby inform you that CRISIL has assigned the following revised rating to the Company.

Total Bank Loan Facilities Rated	Rs. 2500 Million
Long Term Rating	CRISIL BBB+/Positive (Outlook revised from 'Stable' and rating reaffirmed)
Short Term Rating	CRISIL A2 (Reaffirmed)
Rs. 350 Million Fixed Deposits	FA-/Positive (Outlook revised from 'Stable' and rating reaffirmed)

A copy of CRISIL Rating Rationale is enclosed.

This is for your information and records.

Thanking you,

Yours Faithfully,

For **Pudumjee Paper Products Limited**

Vinay Jadhav

Vinay Jadhav
Company Secretary
Encl.:- A/a.



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Corporate Office:

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E-Mail: pudumjee@pudumjee.com Web Site: www.pudumjee.com.



Rating Rationale

December 16, 2016 | Mumbai

Pudumjee Paper Products Limited

Ratings outlook revised to 'Positive'; ratings reaffirmed

Total Bank Loan Facilities Rated	Rs.2500 Million
Long Term Rating	CRISIL BBB+/Positive (Outlook revised from 'Stable' and rating reaffirmed)
Short Term Rating	CRISIL A2 (Reaffirmed)

(Refer to Annexure 1 for Facility-wise details)

Rs. 350 Million Fixed Deposits	FA-/Positive (Outlook revised from 'Stable' and rating reaffirmed)
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CRISIL has revised its ratings outlook on the long-term bank facilities and fixed deposit programme of Pudumjee Paper Products Limited (PPPL) to 'Positive' from 'Stable', while reaffirming the ratings at 'CRISIL BBB+/FA-'; the short-term bank facility has been reaffirmed at 'CRISIL A2'.

The outlook revision reflects PPPL's improving credit risk profile driven by significant increase in profitability and efficient working capital management. Operating income is expected to rise 5-10% to Rs 4.9 billion in fiscal 2017. Operating margin improved to 8.71% in the first half of fiscal 2017 from 6% in the previous fiscal led by reduction in power costs, on account of purchase of power from private players at a cheaper rate, and favourable material prices. Moreover, the company is undertaking capital expenditure of Rs 180 million to set up 132/100 KVA (kilovolt ampere) power line which should result in further reduction in power cost from the last quarter of fiscal 2017, leading to a sustained improvement in profitability.

The outlook revision also factors the improvement in working capital cycle due to better inventory management. Improved profitability and efficient working capital management resulted in sizeable cash accrual of Rs 122.2 million in the first half of fiscal 2017. Consequently debt reduced significantly, leading to a better capital structure, while unencumbered cash balances increased to Rs 362.2 million as on November 30, 2016. The financial risk profile and liquidity should remain comfortable over the medium term because of steady cash accrual, moderate capex, low bank limit utilisation, and healthy unencumbered cash and bank balance. Sustenance of operating margin and efficient working capital management, and resultant reduction in debt will remain key monitorables.

The ratings reflect PPPL's established market position in the speciality paper segment, supported by promoters' extensive industry experience and a wide product portfolio. The ratings also factor in the company's comfortable financial risk profile because of healthy network, low gearing, and adequate debt protection metrics. These strengths are partially offset by exposure to intense competition in the paper industry, and susceptibility of profitability to volatility in raw material prices.

Outlook: Positive

CRISIL believes PPPL will maintain its improved credit risk profile due to increased operating efficiency and comfortable financial risk profile. The ratings may be upgraded if the company sustains its improved profitability, and if efficient inventory management results in reduced debt. The outlook may be revised to 'Stable' if profitability comes under pressure, or if the company undertakes larger-than-expected, debt-funded capex, or if its working capital cycle lengthens significantly.

About the Group

PPPL was set up in January 2015 to take over the paper manufacturing division of Pudumjee Pulp & Paper Mills Ltd, Pudumjee Industries Ltd, and Pudumjee Hygiene Products Ltd. The company's plant in Pune, Maharashtra, has capacity to manufacture 60,000 tonne per annum of paper.

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Cash Credit	500	CRISIL BBB+/Positive	Cash Credit	500	CRISIL BBB+/Stable
Letter of credit & Bank Guarantee	1500	CRISIL A2	Letter of credit & Bank Guarantee	1500	CRISIL A2

Proposed Long Term Bank Loan Facility	388.9	CRISIL BBB+/Positive	Proposed Long Term Bank Loan Facility	388.9	CRISIL BBB+/Stable
Term Loan	111.1	CRISIL BBB+/Positive	Term Loan	111.1	CRISIL BBB+/Stable
Total	2500	–	Total	2500	--

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Manufacturing Companies
Rating Criteria for Paper Industry
Criteria for rating Short-Term Debt (including Commercial Paper)

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