



# Neeraj Paper Marketing Ltd.

CIN : L74899DL1995PLC066194

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11<sup>th</sup> February, 2019

SCRIP CODE: 539409

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai – 400001

**Subject: Submission of Credit Rating received by India Rating & Research**

**Ref: Submission under regulation 30 of SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015**

Dear Sir/Madam,

Please find attached herewith letter containing the rating details of company obtained by the India Rating & Research received by us on today i.e., 11/02/2019 in pursuance of Regulation 30 of SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015

This is for your information & record.

Thanking You,

Yours faithfully,

**For Neeraj Paper Marketing Limited**

*Mansi*  
Mansi  
Company Secretary



Copy To: Ahmedabad Stock Exchange Ltd.

# India Ratings Revises Neeraj Paper Marketing's Outlook to Negative; Affirms 'IND BB+'

07

By [Juhi Agrawal](#)

FEB 2019

India Ratings and Research (Ind-Ra) has revised Neeraj Paper Marketing Limited's (NPML) Outlook to Negative from Stable while affirming its Long-Term Issuer Rating at 'IND BB+'. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Fund-based working capital limits	-	-	-	INR400 (reduced from INR600)	IND BB+/Negative/IND A4+	Rating affirmed; Outlook revised to Negative from Stable
Non-fund-based working capital limits	-	-	-	INR150 (reduced from INR200)	IND A4+	Affirmed

## KEY RATING DRIVERS

The Outlook revision reflects Ind-Ra's expectations of a deterioration in NPML's credit metrics in FY19 because of a decline in the top-line and operating EBITDA margins. The scale of operations remained medium and the revenue fell to INR3,285.83 million in FY18 (FY17: INR3,724.21 million). The revenue declined because income from waste paper sales, which had been a major revenue driver till FY17, fell to INR1,263.8 million (INR2,672.64 million). Ind-Ra expects the revenue to fall further in FY19 because of a decrease in paper imports due to weakening of the rupee against the dollar.

The ratings reflect the modest, albeit stable, EBITDA margin and moderate-to-weak credit metrics, as the company operates in the highly competitive paper industry. In FY18, the ROCE stood at 11.67% (10.95%) and the EBITDA margin rose to 3.34% (FY17: 2.84%) owing to a fall in raw material costs. This led to an improvement in the credit metrics. The gross interest coverage (operating EBITDA/gross interest expense) improved to 1.18x (1.13x) and net leverage (total adjusted net debt/operating EBITDA) improved to 5.88x (6.23x).

The ratings also factor in the company's tight liquidity, indicated by an average 97% utilisation of the working capital facilities for the 12 months ended December 2018. Further, the cash and cash equivalents stood at INR4.31 million in FY18 (FY17: INR10.85 million).

The ratings, however, are supported by the promoters' experience of over two decades in the trading business.

## RATING SENSITIVITIES

**Negative:** A decline in the EBITDA margins, leading to interest coverage ratio remaining below 1.4x, or any further deterioration in the company's liquidity position would be negative for the ratings.

**Positive:** The revenue being sustained along with stable EBITDA margins, with interest coverage at or above 1.4x, would lead to the Outlook being revised to Stable.

## COMPANY PROFILE

Delhi-based NPML is a public limited company listed on the Bombay Stock Exchange. It was incorporated by established and experienced promoters and their associates in 1995. It is engaged in the trading and commissioning of all kinds and classes of paper, paperboards, paper pulp, allied products and others.

According to the interim financials for 1HFY19, the revenue was INR1,342.73 million (1HFY18: INR1,600.77 million), the EBITDA margin was 3.29% (2.99%), interest coverage was 1.22x (1.26x) and net leverage was 6.91x (10.40x).

## FINANCIAL SUMMARY

Particulars (INR million)	FY18	FY17
Revenue	3,285.83	3,724.21
EBITDA	109.63	105.93
Interest expense	93.11	94.09
Net profit	-21.00	7.46
Total debt	648.50	670.31
Cash & equivalents	4.31	10.85
Source: NPML, Ind-Ra		

## NON-COOPERATION WITH PREVIOUS RATING AGENCY

NPML is listed under the 'Non Co-operation by the issuer' category by CARE Ratings due to inadequate information provided by the company.

## RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook
	Rating Type	Rated Limits (million)	Rating	25 January 2018
Issuer rating	Long-Term	-	IND BB+/Negative	IND BB+/Stable
Fund-based working capital	Long-/short-term	INR400.00	IND BB+/Negative/IND A4+	IND BB+/Stable/IND A4+
Non-fund-based limits	Short-term	INR150.00	IND A4+	IND A4+

## COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## SOLICITATION DISCLOSURES

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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## ABOUT INDIA RATINGS AND RESEARCH

**About India Ratings and Research:** India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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## Applicable Criteria

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[Corporate Rating Methodology](#)

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## Analyst Names

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