



PUDUMJEE

PUDUMJEE PULP & PAPER MILLS LTD.
Registered Office

AHC:- 609

19th October, 2016

The Manager, Listing Department, National Stock Exchange of India Ltd., Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. Scrip Code:- PDUMJEPULP	The Manager, Corporate Relationship Department, BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI – 400 001. Scrip Code:- 500343
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Dear Sir/Madam,

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

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

Total Bank Loan Facilities Rated	Rs. 1894.60 Million
Long Term Rating	CRISIL BBB+/Stable (Downgraded from 'CRISIL A-'; removed from 'Watch with Developing Implications')
Rs.350 Million Fixed Deposits	FA-/Stable (Downgraded from 'FA'; removed from 'Watch with Developing Implications')

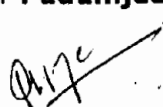
It may be noted that the Company (except for such Bank loan facilities amounting to Rs.21.55 Million) does not have any outstanding of loans and Fixed Deposits (FDs) since these loans and FDs have been transferred to Pudumjee Paper Products Limited pursuant to the Scheme of Arrangement and Reconstruction (Demerger) implemented on 1st February, 2016 (Effective Date). Besides, the Company has not accepted any FDs since the Demerger (Effective Date).

A copy of CRISIL Rating Rationale is enclosed.

Kindly acknowledge and take the same on record.

Thanking you,

Yours Faithfully,
for **Pudumjee Pulp & Paper Mills Limited**


Secretarial Department
Encl:- A/a.



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Rating Rationale
October 07, 2016 | Mumbai

Pudumjee Pulp and Paper Mills Limited

Ratings downgraded to 'CRISIL BBB+/FA-/Stable', removed from 'Watch Developing'

Total Bank Loan Facilities Rated	Rs.1894.6 Million
Long Term Rating	CRISIL BBB+/Stable (Downgraded from 'CRISIL A-'; removed from 'Watch with Developing Implications')
(Refer to Annexure 1 for Facility-wise details)	
Rs.350 Million Fixed Deposits	FA-/Stable (Downgraded from 'FA'; removed from 'Watch with Developing Implications')

CRISIL has downgraded its rating on the long-term bank facility of Pudumjee Pulp and Paper Mills Ltd (PPPML; part of the Pudumjee group) to 'CRISIL BBB+' from 'CRISIL A-' and on the fixed deposit programme to 'FA-' from 'FA'. CRISIL has removed the rating from 'Watch with Developing Implications'. The outlook on the ratings is 'Stable'.

CRISIL had placed the ratings on 'Rating Watch with Developing Implications' following PPPML's announcement of its corporate restructuring scheme, which involved demerger of its paper manufacturing business, with all its assets and liabilities, into Pudumjee Paper Products Ltd (PPPL). The scheme for demerger was approved by the Bombay High Court in January 2016, and the paper manufacturing assets were transferred to PPPL in February, 2016. Hence, the ratings have been removed from watch.

The downgrade reflects weakening of the group's business risk profile due to the demerger of its paper business and transfer of its core manufacturing assets to PPPL. The group now only has windmills with power generation capacity of 4.6 megawatt (MW) and income from real estate business, resulting in decline in revenue to Rs 340 million in fiscal 2016. However, the financial risk profile remains strong because of healthy networth and low gearing of Rs 629 million and 0.23 time, respectively, as on March 31, 2016. Furthermore, surplus in the real estate business supports liquidity, resulting in strong debt protection metrics, with adjusted interest coverage and net cash accrual to total debt of 8.9 times and 63% respectively in fiscal 2016. CRISIL believes the Pudumjee group will maintain its strong financial risk profile over the medium term in the absence of debt-funded capital expenditure (capex).

The ratings reflect the extensive experience of the group's management and its strong financial risk profile. The ratings also factor in healthy cash flow from its real estate project, healthy debt service coverage ratio for the windmill loan over its tenure, and the escrow-backed mechanism for servicing the debt where sale proceeds from all wind assets will be deposited. These strengths are partially offset by vulnerability of output to variability in wind speed, and customer concentration in revenue.

For arriving at the ratings, CRISIL has combined the business and financial risk profiles of PPPML, its wholly owned subsidiary Pudumjee Investment and Finance Company Ltd (PIFCL), and Pudumjee Industries Ltd (PIL) and its wholly owned subsidiaries, Pudumjee Hygiene Products Ltd (PHPL) and Pudumjee Holding Ltd (PHL). The companies are collectively referred as the Pudumjee group. CRISIL has also taken into account PPPML's interest in Pudumjee-G: Corp Developers using the proportionate consolidation method.

Outlook: Stable

CRISIL believes the Pudumjee group will maintain its healthy financial risk profile over the medium term. The outlook may be revised to 'Positive' if there is a substantial and sustained increase in the scale of operations and profitability, resulting in sizeable cash accrual. The outlook may be revised to 'Negative' if there is a steep decline in surplus in the real estate business, or significant weakening of the capital structure because of large debt-funded capex.

About the Group

PPPML operates three windmills, two in Satara and one in Sangli in Maharashtra, with capacity of 4.6 MW.

The Pudumjee group has entered into a joint venture agreement with G: Corp Developers for developing Greens, a residential project at Chinchwad in Pune, Maharashtra. The group has 60% share in profit from the project.

PIL manufactures specialty paper. The business and all its assets and liabilities were transferred to PPPL in fiscal 2016. PHPL markets hygiene products under the brand Greenlime; this business was also transferred to PPPL. PHL and PIFCL are investment holding companies with no major business activities.

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Proposed Long Term Bank Loan Facility	1894.6	CRISIL BBB+/Stable	Cash Credit	250	CRISIL A-/Watch Developing
-	0	--	Letter of credit & Bank Guarantee	766	CRISIL A2+/Watch Developing

-	0	-	Proposed Long Term Bank Loan Facility	719.2	CRISIL A-/Watch Developing
--	0	--	Proposed Short Term Bank Loan Facility	58.9	CRISIL A2+/Watch Developing
-	0	-	Term Loan	100.5	CRISIL A-/Watch Developing
Total	1894.6	-	Total	1894.6	--

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					
CRISILs Criteria for Consolidation					
Criteria for rating Short-Term Debt (including Commercial Paper)					

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Last updated: April 2018

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