

JANUARY 09, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF NEERAJ PAPER MARKETING LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	60	CARE BB (Double B)	Reaffirmed
Short term Bank Facilities	20	CARE A4 (A Four)	Reaffirmed
Total Facilities	80		

Rating Rationale

The ratings of Neeraj Paper Marketing Limited (NPML) continue to be constrained by the working capital-intensive nature of its operations and weak financial risk profile characterized by decline in operating income, low profitability margins and high overall gearing. The ratings, however, continue to be supported by the experienced promoters and long-established relationship with its customers.

Going forward, the ability of NPML to manage its working capital requirements efficiently while improving its overall financial risk profile would be the key rating sensitivities.

Background

Incorporated in 1995, NPML is a widely-held company engaged in trading and marketing of various kinds of paper/steel products. Till FY08 (refers to the period April 01 to March 31), the company was earning commission income from companies under "Bindal Group" [consisting of Tehri Pulp & Paper Limited (rated 'CARE C/A4'), Bindals Papers Mills Limited (rated 'CARE C/A4'), Bindlas Duplex Limited (rated 'CARE BB+/A4+')] and Agarwal Duplex Board Mills Limited (rated 'CARE BB+/A4'), etc) for marketing the products manufactured by them. However, the company has started trading of these products from FY10 onwards. The company primarily trades in different types of paper that include kraft paper, duplex board, poster paper, writing & printing paper, waste paper, etc, and various other goods such as mild steel ingot, sponge iron, etc.

During FY14, NPML has reported total operating income of Rs.384.12 crore with PAT of Rs.0.72 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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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.

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

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