



Date: 22-11-2018

To,
BSE Limited
P. J. Towers,
Dalal Street, Mumbai-400 001
Ref: Scrip Code: 533166

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
BKC, Bandra (E), Mumbai- 400 051
Ref: Symbol: SUNDARAM

Dear Sir/Madam

Sub: Intimation of Credit Rating received from CARE Ratings

In terms of the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the Company has received "BB-" (Stable) Credit Rating from CARE Ratings.

Kindly take the above information on your records.

Thanking you,

Yours faithfully,

For Sundaram Multi Pap Limited

B.s. Chheda



Bhavesh Chheda
Company Secretary & Compliance Officer

CARE/HO/RL/2018-19/3709

Mr. Amrut Shah

Director

Sundaram Multi Pap Limited

Unit 5, 6, Papa Industrial estate,
Suren Road, Chakala, Andheri Kurla Road,
Andheri East Mumbai – 400093

November 22, 2018

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your company for FY18 (audited), Q2FY19 (Unaudited) and H1FY19 (Unaudited), our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Ratings¹	Rating Action
Long term Bank Facilities	35.03	CARE BB-; Stable (Double B Minus; Outlook: Stable)	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable)
Total Facilities	35.03 (Rs. Thirty five crore three lakh only)		

2. Refer **Annexure 1** for details of rated facilities.
3. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by November 22, 2018, we will proceed on the basis that you have no any comments to offer.

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

4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

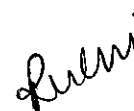
If you need any clarification, you are welcome to approach us in this regard.

Thanking you,



[Aditya Bhujbal]
Analyst
aditya.bhujbal@careratings.com

Yours faithfully,



[Ruchi Shroff]
Manager
ruchi.shroff@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Ruchi

**Annexure I
Details of Rated Facilities**

1. Long-term facility

1.A. Rupee term loan

(Rs. Crore)

Sr. No.	Name of Bank	Rated Amount	Repayment Terms
1.	State Bank of India	11.25	Quarterly repayment of unequal installments starting from June 2013 and ending December 2019
2.	State Bank of India	3.17	Quarterly repayment of unequal installments starting from December 2015 and ending March 2020
3.	IDBI Bank	0.41	Quarterly repayment of unequal installments starting from December 2015 and ending December 2019
	Total	14.83*	

*Outstanding as on May 2018

Total Rupee term loan: Rs. 14.83 crore

1.B. Fund Based limits

(Rs. Crore)

Sr. No.	Name of Bank	Fund Based Limits		
		Cash Credit	Others	Total fund-based limits
1.	State Bank of India	16.83	-	16.83
2.	IDBI Bank	3.37	-	3.37
	Total	20.20	-	20.20

Total long-term facility of Rs. 35.03 crore

Annexure II
Press Release
Sundaram Multi Pap Limited

Rating			
Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Long term Bank Facilities	35.03	CARE BB-; Stable (Double B Minus; Outlook: Stable)	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable)
Total Facilities	35.03 (Rs. Thirty five crore three lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to Sundaram Multi Pap Limited (SMPL) factors in the increase in cash accruals, improvement in profit margins, capital structure and debt coverage indicators.

However, the rating continues to be constrained by moderate and fluctuating scale of operation, moderate profit margin and debt coverage indicators, highly working capital intensive nature of operations, susceptibility of profit margins due to volatile material prices and presence in competitive and fragmented industry.

The rating however, continues to derive strength from established regional brand presence, strong distribution network with experienced management and, comfortable capital structure.

Ability of SMPL to increase its scale of operations while improving its profitability amidst intense competition while maintaining its capital structure along with efficient management of its working capital requirement remain the key rating sensitivity.

Detailed description of Key rating drivers

Key Rating Weaknesses

Moderate and fluctuating scale of operations: The scale of operations of the company remained moderate and fluctuating over the period. Further, SMPL had posted total income of Rs.17.36 crore in Q2Y19 and Rs. 51.94 crore in H1FY19 (entirely from manufacturing activity) with profits at net level.

Moderate profit margin: SMPL's PBILDT margin has declined to 14.69% in Q2FY19 vis-à-vis 49.92% in Q2Y18 and improved as compared to 14.55% in Q1FY19. Further company reported net profit of Rs. 0.45 crore in Q2FY19 and Rs. 3.29 crore in H1FY19 vis-à-vis net loss of Rs. 16.89 crore in Q2FY18 and Rs. 14.14 crore in H1FY18.

Moderate debt coverage indicators: Debt coverage indicators of the company remained moderate and improved with interest coverage ratio slightly improved to 2.17x in H1FY19 from 1.94x in H1FY18 and 1.64x in FY18 owing to decline in debt level, positive GCA and lower interest cost the debt coverage indicators

Highly working capital intensive nature of operations: Operations of SMPL are highly working capital intensive mainly on account of funds being blocked in inventory as company has to maintain raw material inventory to execute the orders in timely manner and receivables as company offers credit period of around two to three months. Further on the other hand it company receives moderate credit period from its suppliers which has further resulted in maximum utilization of working capital limits.

Susceptibility of profit margins due to volatile material prices: The raw material is the major cost driver and the prices of the same are volatile in nature therefore cost base remains exposed to any adverse price fluctuations in the prices of the paper and duplex board being major cost components amongst all raw materials are volatile in nature. Accordingly, the profitability margin of the firm is susceptible to fluctuation in raw material prices. With limited ability

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

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to pass on the increase in raw material costs in a competitive operating spectrum, any substantial increase in raw material costs would affect the company's profitability.

Presence in competitive and fragmented industry: SMPL operates in a highly competitive and fragmented stationary industry. The company witnesses intense competition from both the other organized and unorganized players domestically. This fragmented and highly competitive industry results into price competition thereby posing a threat to the profit margins of the companies operating in the industry.

Key rating Strengths

Established regional brand presence, strong distribution network: SMPL has long standing track record of operations with more than two decades of existence in the market in which the company has established market position and developed its brand presence. 'Sundaram' is one of the leading brands in education stationery market in western India for the past two decades. SMPL has a strong distribution network with over 42 stockiest put together across Maharashtra, Gujarat and Goa.

Experienced management: SMPL is promoted by Shah brothers viz; Mr. Amrut Shah and Mr. Shantilal Shah, having more than 30 years of experience in education stationery industry of which majority has been gained through its association with company since 1996.

Comfortable capital structure: Capital structure of SMPL remained comfortable and improved with overall gearing of 0.44x as on September 30, 2018 from 0.96x as on March 31, 2018 owing to repayment of term loan, unsecured loan from related parties and accretion of profit to the net worth as on September 30, 2018. In the past company's debt servicing is done through promoter's funds through infusion of unsecured loan and debtor's collection.

Analytical approach: Standalone

Applicable Criteria:

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Rating Methodology-Manufacturing Companies

Financial ratios – Non-Financial Sector

About the Company

Sundaram Multi Pap Limited (SMPL), incorporated in 1996, is promoted by Shah brothers viz; Mr. Amrut Shah and Mr. Shantilal Shah. SMPL is engaged in the manufacturing of exercise books, other paper stationery products and trading of craft papers and sketch books. Its manufacturing facility is located at Palghar with an installed capacity of 15 crore pieces per annum. It sells its products in Maharashtra, Goa and Gujarat and has a strong distribution network with over 42 stockiest in the said region. The major raw material required is paper and duplex board and are procured primarily from West Coast Paper Mills Limited and Tamil Nadu Newsprint and Papers Limited.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	96.00	108.66
PBILDT	17.12	14.08
PAT	-4.31	-14.86
Overall gearing (times)	1.03	0.96
Interest coverage (times)	1.58	1.64

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History (Last three years): Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact

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Email: ruchi.shroff@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	December 2019	11.25	CARE BB-; Stable
Fund-based - LT-Cash Credit	-	-	-	20.20	CARE BB-; Stable
Fund-based - LT-Funded Interest term Loan	-	-	March 2020	3.58	CARE BB-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (31-Mar-16)
2.	Fund-based - LT-Working Capital Limits	LT	-	-	-	-	-	1)Withdrawn (31-Mar-16)
3.	Fund-based - LT-Term Loan	LT	11.25	CARE BB-; Stable	1)CARE B+; Stable (04-Jul-18)	-	-	-
4.	Fund-based - LT-Cash Credit	LT	20.20	CARE BB-; Stable	1)CARE B+; Stable (04-Jul-18)	-	-	-
5.	Fund-based - LT-Funded Interest term Loan	LT	3.58	CARE BB-; Stable	1)CARE B+; Stable (04-Jul-18)	-	-	-

Subm