



15th March, 2024

To,
BSE Limited
Corporate Relationship Department
Phiroz Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai- 400001

BSE Scrip Code: 531813 and Scrip Id: GANGAPA

Sub: Intimation of withdrawal of Credit Rating

Dear Sir/Ma'am,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), please note that CRISIL Ratings ("CRISIL") has reviewed the ratings on bank facilities of the Company. In this regard, we wish to inform you that the credit rating agency CRISIL, withdrawn ratings, which are as follows:

Total Bank Loan Facilities Rated	Rs. 53.35 Crore
Long Term Rating	CRISIL BBB-/Stable (Rating Reaffirmed and Withdrawn)
Short Term Rating	CRISIL A3 (Rating Reaffirmed and Withdrawn)

Copy of the withdrawal letter is enclosed herewith for reference.

We request you to kindly take the above document on record.

Thanking you,

Yours Faithfully,
For **Ganga Papers India Limited**

Kamlesh Kushwaha
Company Secretary & Compliance Officer
(M. No. 70767)

Encl: a/a

GANGA PAPERS INDIA LTD.

CIN : L21012MH1985PTC035575

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Website : www.gangapapers.com

Rating Rationale

February 29, 2024 | Mumbai

Ganga Papers India Limited

Ratings Reaffirmed and Withdrawn

Rating Action

Total Bank Loan Facilities Rated	Rs.53.35 Crore
Long Term Rating	CRISIL BBB-/Stable (Rating Reaffirmed and Withdrawn)
Short Term Rating	CRISIL A3 (Rating Reaffirmed and Withdrawn)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its ratings on the bank facilities of Ganga Papers India Limited (GPIL). The ratings have been **withdrawn**, following a request from the company, and on receipt of a no-objection certificate from the banker. The rating action is in line with the policy of CRISIL Ratings on withdrawal of bank loan ratings.

The reaffirm reflects the stable business risk profile of the company supported by revenue of Rs 295 crores in fiscal 2023 from Rs 280 crores in fiscal 2022 driven by volumetric growth and improved realization. In the current fiscal 2024, the company has achieved revenue of Rs 183 crores till YTD December 2023 and is expected to achieve revenue of Rs 240-250 crores for full fiscal 2024 due to softening of input prices leading to moderation in realization. Operating margin is expected to improve to 3-4% because of softening raw material prices over the medium term.

The ratings reflect the extensive experience of the promoters in the paper industry and the diversified product portfolio of GPIL. These strengths are partially offset by exposure to cyclical in the paper industry and susceptibility to volatility in input prices.

Key Rating Drivers & Detailed Description

Strengths:

- **Extensive experience of the promoters in the paper industry:** The three-decade-long experience of the promoters in the paper industry, their strong understanding of market dynamics and healthy relationships with customers and suppliers will continue to support the business risk profile. The diversified product portfolio comprises fluting paper, test liner kraft, AOCC pulp, OCC Pulp, ONP pulp and de-ink pulp. The company has an installed capacity of 1,08,000 metric tonnes per annum.
- **Above-average financial risk profile:** Net worth stood at Rs 27.6 crore as on March 31, 2023, and is likely to reach Rs 29-30 crore, as on March 31, 2024, supported by healthy accretion to reserves. Gearing stood at 1.6 times as on March 31, 2023, and should be near 1.5-1.6 times as on March 31, 2024, aided by lower reliance on external debt. Capital structure is expected to remain above average over the medium term. Debt protection metrics were healthy, indicated by interest coverage and net cash accrual to total debt ratios of 3.3 times and 0.12 time, respectively, in fiscal 2023.

Weaknesses:

- **Exposure to cyclical in the paper industry:** The paper industry is inherently cyclical, mainly due to the long gestation period involved in capacity addition and lead time for raw material generation. Given its commoditized nature, price of paper tends to fluctuate sharply and adversely affects profitability of paper manufacturers. Demand for paper is also linked to the level of economic activity. Hence, cyclical downturns or any imbalance in the demand-supply scenario may cause volatility in realizations. Furthermore, ability to pass on any hike in raw materials cost to end-customers, amidst the demand-supply dynamics, will remain a key monitorable.
- **Susceptibility to volatility in input prices:** Operating margin dropped to 3.1% in fiscal 2023 from 4.2% in fiscal 2022, as the company faced a lag of 3-4 months in passing on the hike in raw material cost to its customers. Moreover, being a non-integrated player, GPIL is highly dependent upon procurement of imported wastepaper, unlike other leading players in the paper industry. This restricts the operating margin and exposes the company to risks related to foreign exchange rates and supply chain movement.

Liquidity: Adequate

Net cash accrual of Rs 4-8 crore expected per annum will sufficiently cover incremental working capital expenses, post servicing of yearly debt of Rs 2-4 crore in the medium term. Fund-based limit was utilized at 50% on an average over the 12 months through October 2023. The current ratio was modest at 1.15 times as on March 31, 2023.

Outlook: Stable

CRISIL Ratings believes GPIIL will continue to benefit from the extensive experience of its promoters in the paper industry and their established relationships with clients.

Rating Sensitivity factors

Upward factors:

- Sustained growth in revenue (by 40%) and operating margin (to 6-6.5%), leading to higher cash accrual.
- Improvement in financial risk profile, with gearing under 1.25 times

Downward factors:

- Decline in revenue, leading to net cash accrual below Rs 6 crore.
- Any large debt-funded capex or substantial increase in working capital requirement, weakening liquidity and financial risk profile.

About the Company

GPII was initially incorporated as Kasat Paper & Pulp by the promoter, Mr Shrikant Kasat. It was subsequently converted into a public limited company in December 1992. Operations are currently managed by Mr RK Chaudhary and his friend, Mr Sandeep Kanoria. The company manufactures kraft paper and newsprint paper.

Key Financial Indicators

As on / for the period ended March 31	Unit	2023	2022
Operating income	Rs crore	295	279.7
Reported profit after tax (PAT)	Rs crore	3.2	5.3
PAT margin	%	1.1	1.9
Adjusted debt/adjusted networkth	Times	1.6	1.7
Interest coverage	Times	3.3	4.4

Status of noncooperation with previous CRA:

GPII has not cooperated with ICRA Ltd, which has classified it as non-cooperative through a release dated June 28, 2017. The reason provided by ICRA is non-furnishing of information for monitoring the ratings.

GPII has not cooperated with Brickwork Ratings India Private Ltd, which has classified it as non-cooperative through a release dated February 22, 2023. The reason provided by Brickwork is non-furnishing of information for monitoring the ratings.

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs. Crore)	Complexity Level	Rating assigned with outlook
NA	Bank guarantee	NA	NA	NA	2	NA	CRISIL A3 (Rating Reaffirmed and Withdrawn)
NA	Cash credit	NA	NA	NA	4.5	NA	CRISIL BBB-/Stable (Rating Reaffirmed and Withdrawn)
NA	Packing credit	NA	NA	NA	35	NA	CRISIL A3 (Rating Reaffirmed and Withdrawn)
NA	Term loan	NA	NA	Mar-2027	11.85	NA	CRISIL BBB-/Stable (Rating Reaffirmed and Withdrawn)

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2024 (History)		2023		2022		2021		Start of 2021
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	51.35	CRISIL BBB-/Stable (Rating reaffirmed and withdrawn)		--		--	22-12-22	CRISIL BBB-/Stable / CRISIL A3	30-04-21	CRISIL B /Stable(Issuer Not Cooperating)*	CRISIL BB /Stable(Issuer Not Cooperating)*
			--	--	--	--	14-11-22	Withdrawn (Issuer Not Cooperating)*	--	--		
			--	--	--	--	28-06-22	CRISIL B /Stable(Issuer Not Cooperating)*	--	--		

Non-Fund Based Facilities	ST	2.0	CRISIL A3 (Rating reaffirmed and withdrawn)	--	--	22-12-22	CRISIL A3	--	--
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All amounts are in Rs.Cr.

* - Issuer did not cooperate; based on best-available information

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	2	Punjab National Bank	CRISIL A3 (Rating reaffirmed and withdrawn)
Cash Credit	4.5	Punjab National Bank	CRISIL BBB-/Stable (Rating reaffirmed and withdrawn)
Packing Credit	35	Punjab National Bank	CRISIL A3 (Rating reaffirmed and withdrawn)
Term Loan	11.85	Punjab National Bank	CRISIL BBB-/Stable (Rating reaffirmed and withdrawn)

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufacturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Paper Industry

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