

Rating Rationale

Ballavpur Paper Mfg. Limited

20 March 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Ballavpur Paper Mfg. Limited (BPML or the 'Company').

Particulars

| Facility Rated | Amount (Rs. Crs) | Tenure | Rating |
|----------------|--|------------|------------------|
| Fund Based | 40.48 | Long Term | BWR BB+ (Stable) |
| Non-Fund Based | 12.75 | Short Term | BWR A4+ |
| Total | Rs. 53.23 Crores (Rupees Fifty Three Crores and Twenty Three Lakhs Only.) | | |

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Annexure-I provides details of the bank facilities

Rating Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, the experience of the management in the Kraft paper business, established customer relationship, comfortable capital structure, favourable demand outlook for paper packaging products and captive power plant which helps improve cost competitiveness. The rating is, however, constrained by relatively moderate scale of operations, the vulnerability of the Company's profitability to fluctuation in waste paper prices and limited pricing flexibility due to intense competition from organized and unorganized players in the Kraft paper industry. The rating also takes into consideration the weak credit profile of one of the group companies which has major stake in BPML. Going forward, the Company's ability to maintain capital structure, scale-up operations in a profitable manner amidst high competition shall remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Ballavpur Paper Mfg. Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Ballavpur Paper Mfg. Limited (BPML) was incorporated in August 2006, however its commercial operations started in 2009. BPML is engaged in manufacturing of Kraft Paper using waste paper and has an installed capacity of 39600 MT per annum. Its manufacturing unit is located at Raniganj, West Bengal. Kraft paper consumption is mainly in packaging such as corrugated boxes, cartons etc. The Company also has coal-based captive power plant of 3.5 MW. Mr. Ujjal Kumar Upadhaya, promoter of EMTA Group, is the Chairman of the Company. Mr. Amarendra Nath Bhattacharjee is the managing director and has around four decades of experience in paper industry. He looks after the overall business operations.

Company Financial Performance

The Company has reported Net Profit of Rs. 2.69 Crore on total operating income of Rs. 129.27 Crores in FY16 against Net Profit of Rs. 2.29 Crores on total operating income of Rs. 142.63 Crores in FY15.

Rating History for the last three years: (including withdrawn/suspended ratings)

| Sl. No. | Instrument/Facility | Current Rating (Year 2017) | | | Rating History | | |
|---------|---------------------|-----------------------------|-----------------|------------------------|----------------|------|------|
| | | Type (Long Term/Short Term) | Amount (Rs Crs) | Rating | 2016 | 2015 | 2014 |
| 1. | Fund Based | Long Term | 40.48 | BWR BB+ (Stable) | - | - | - |
| 2. | Non-Fund Based | Short Term | 12.75 | BWR A4+ | - | - | - |

Status of non-cooperation with previous CRA: NA

Annexure I: Details of the bank facilities rated

| Name of the instrument | State Bank of India Rs. in Crs | Axis Bank Rs. in Crs | ICICI Bank Rs. in Crs | Total Rs in Crs |
|---------------------------------|-----------------------------------|-------------------------|--------------------------|--------------------|
| Cash Credit | 4.00 | 7.25 | - | 11.25 |
| Term Loan | 5.10 | - | 24.13 | 29.23 |
| Total (Fund Based) | | | | 40.48 |
| Letter of Credit (LC) | 8.00 | 4.75 | - | 12.75 |
| Bank Guarantee (Sublimit of LC) | - | (0.50) | - | (0.50) |
| Total (Non-Fund Based) | | | | 12.75 |
| Total (FB + NFB) | | | | 53.23 |

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Manufacturing Companies](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.



BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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