



Press Release

Bilt Graphic Paper Products Limited (BGPPL)

April 05, 2024

Ratings

Instrument / Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	92.47	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	270.00	IVR A3 (IVR A Three)	Assigned	Simple
Proposed Short Term Bank Facilities	75.00	IVR A3 (IVR A Three)	Assigned	Simple
Proposed Long Term/Short Term Bank Facilities	84.65	IVR BBB-/Stable/ IVR A3 (IVR Triple B Minus with Stable Outlook; IVR A Three)	Assigned	Simple
Total	522.12 (Rupees Five hundred twenty-two crore and twelve lakhs only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Bilt Graphic Paper Products Limited (BGPPL) derive strength from long track record of operations in paper industry, strong operating performance and implementation of Master Restructuring Agreement (MRA) with the lenders. The rating strengths are, however, constrained by leveraged risk profile, exposure to foreign exchange fluctuation risk, exposure to cyclical risk in the paper industry and ongoing investigation and litigations.

Key Rating Sensitivities:

Upward Factors

- Significant growth in the scale of operations along with profitability leading to improvement in cash accruals and liquidity on a sustained basis.



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- Decline in the debt level leading to improved capital structure and debt protection metrics.

Downward Factors

- Deterioration in revenues and profitability leading to deterioration in the debt protection metrics.
- Increase in the level of debt leading to deterioration in the debt protection metrics.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Long track record of operations in paper industry

BGPPL has been in the business of manufacturing paper and paper products since 2007 with operations having backward integration into hardwood pulp. The company have two operational units at Bhigwan and Ballarpur in the state of Maharashtra with a capacity of 3,15,792 Metric Tons Per Annum (MTPA) and 5,99,959 MTPA, respectively. The directors of the company have experience of more than two decades.

Strong operating performance

BGPPL's total operating income (TOI) has witnessed a growth at a CAGR of 30.62% in the past 3 fiscal years. The company registered revenue of Rs.2241.23 crore in FY21, Rs. 3610.51 crore in FY22 and Rs.4994.45 crore in FY23 on account of increase in sales volume and realisations. EBITDA margin has improved from 28.47% in FY22 to 32.87% in FY23. BGPPL's PAT margin has also improved significantly from 11.01% in FY22 to 25.18% in FY23. PAT has increased from Rs. 403.16 crore in FY22 to Rs.1278.16 crore in FY23 on account of other income of Rs. 80.83 crores (PY: Rs.52.03 crores) including gain from foreign currency transaction, mega project benefit and export incentives and exceptional gain towards settlement reached with lenders of Rs.494.83 crores in FY23 (Rs.192.93 crores in FY22). During 9MFY24 (Unaudited) BGPPL made a revenue of Rs.4341.82 crore and EBITDA margin of 26.01%.

Implementation of Master Restructuring Agreement (MRA) with the lenders

In February'2017 BGPPL defaulted on repayments due to reduced cash flows on account of lack of adequate working capital. On December 05,2017 BGPPL signed the MRA in line with the approved restructuring package by the consortium. Later the company had availed the



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RBI-prescribed debt moratorium on its outstanding debt obligations for March-August 2020 and the MRA was amended to reflect the revised repayment terms after the moratorium period ends, with the revised repayment terms in December 2020 after the approval by the lenders. At that time there were two non-assenting lenders namely Kotak Mahindra Bank and IDBI bank Ltd. However as on date these non-assenting lenders have been settled. Also, the overdue as regards to the ECB loan with Goldman Sachs International Bank was cleared on January 11, 2023, which was on account of requirement for revised form ECB by the Authorised Dealing bank and thereafter the loan has been settled on May 3, 2023. The management of the company has confirmed that it has been servicing its debt obligations (principal and interest), as per the approved terms of the MRA since its implementation.

Further, as per the MRA 20.44% of the equity shares were to be issued to the lenders for the consideration of debt amounting to Rs. 413.26 crore. The equity has been allocated to Deutsche Bank and Edelweiss Asset Reconstruction Company Ltd (EARC) aggregating to 19.91% the remaining is to be allotted to Rabo bank which is expected to be completed soon. The company has also completed the process of allocating Compulsory Redeemable Preference Shares amounting to Rs.449.41 crores to the lenders on January 4, 2024. The issuance of NCDs is expected to be completed within a month.

Further, BGPPL's related party Ballarpur Industries Limited pursuant to the approval of a resolution plan through National Company Law Tribunal (NCLT) order dated 31 March 2023, has restructured all the liabilities in line with the terms of the resolution plan. There are three intermediate holding companies between BGPPL and BILT with majority of voting rights within an intermediate holding company being held with its lenders. On account of this, BGPPL has within its financials reclassified BILT as a related party and not an ultimate holding company.

B. Key Rating Weaknesses

Leveraged risk profile.

As on March 31, 2023 BGPPL had a total debt of Rs.4,595.73 crore. The debt consists of term loan of Rs.2,554.65 crore, redeemable non-convertible debentures including accrued interest of Rs.1,493.04 crore, compulsory redeemable preference shares (CRPS) of Rs. 191.33 crore and external commercial borrowings from the holding company of Rs.333.53 crore. The company also has a deferred payment liability of Rs.23.18 crore. The total debt stands reduced from Rs.6627.28 crores as on March 31, 2017, however, continue to remain high.



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The tangible net worth continues to be negative as on March 31, 2023, on account of negative retained earnings. However, debt protection metrics like interest coverage ratio stand comfortable at 3.48x in FY23 as against 2.05x in FY22. The DSCR was adequate at 1.65x as on March 31,2023.

Exposure to foreign exchange fluctuation risk

The company primarily deals in Indian rupee, USD, Euro, JPY, AED (Arab Emirates Dirham) and other foreign currency. The company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. Revenue from export of paper accounts for ~16% of the total sales in FY23. As per FY23 audit report there is a net gain from foreign currency transaction amounting to Rs.14.05 crore (PY: Rs.10.89 crore). As of December 31,2023, the unhedged foreign currency exposure was Rs.410.93 crore, which primarily includes exposure in the form of ECB loan of Rs.344.90 crores.

Exposure to cyclical in the paper industry and intense competition

The paper industry is cyclical in nature and companies are exposed to volatility in raw material prices, as well as the threat of imports, which could prevent companies from passing on increases in raw material prices to customers. Hence, cyclical downturns or adverse change in the demand-supply balance may result in lower realisations. The paper industry is highly fragmented with the presence of several organised and unorganized players. Intense competition limits the bargaining power of the companies and restricts its profitability to an extent.

Pending investigation and litigations

Serious Fraud Investigation Office (SFIO) had in FY20 (disclosed within BGPPL's annual report since FY20) launched an investigation into the affairs of M/s CG Power and Industrial Solutions Limited and 15 related/group companies, including BGPPL, under section 212(1)(c) of the Companies Act 2013. In this regard, SFIO has sought certain information/documents from the company which are being furnished. Management has articulated it has submitted necessary documentation to the investigative authorities from time to time. Further operational



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creditors have filed cases against BGPPL that are unresolved as of date. The matters are sub-judice.

Analytical Approach: Standalone

Applicable Criteria:

[Policy on default recognition](#)

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity: Stretched

Liquidity position is stretched marked by average accruals of Rs. 776.88 crore in FY24, Rs.543.42 crore in FY25 and Rs.513.93 crore in FY26 vis-à-vis repayment obligations of Rs.848.27 crore in FY24, Rs. 515.68 crore in FY25 and Rs.536.89 crore in FY26. Repayments are higher in FY24 as the company has settled the Goldman Sachs loan of Rs.110.83 crores on May 03, 2023. The average working capital utilization of fund-based facility is 73.43% as of 12 months ending November'2023 indicating moderate liquidity buffer. The current ratio is at 0.91x as on March 31, 2023. The cash and cash equivalent of the company stood at Rs.148.48 crore as on March 31, 2023.

About the company

Bilt Graphic Paper Products Limited (BGPPL) was incorporated in 2007. BGPPL is a subsidiary of Ballarpur Paper Holdings BV which holds 78.01%. Avantha Holdings Ltd holds 2.04%, Deutsche Bank AG holds 0.26% and Edelweiss Asset Reconstruction Company Ltd holds 19.65% and Ballarpur Industries Ltd holds 0.01% as on December 31, 2023. BGPPL is in the business of manufacturing paper and paper products with operations having backward integration into hardwood pulp. The company has two operational units at Bhigwan and Ballarpur in the state of Maharashtra with a capacity of 3,15,792MTPA and 5,99,959 MTPA respectively. BGPPL's products are serviced by a nationwide network of distributors and exported to more than 70 countries including the US, UAE and Europe.



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Financials (Standalone):

For the year ended / As On*	(Rs. crore)	
	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	3610.51	4994.45
EBITDA	1027.82	1641.75
PAT	403.16	1278.16
Total Debt	5553.01	4595.73
Adjusted Tangible Net worth	-991.51	12.59
Ratios		
EBITDA Margin (%)	28.47	32.87
PAT Margin (%)	11.01	25.18
Adjusted Overall Gearing Ratio (x)	-5.27	338.54

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: The rating was migrated to ISSUER NOT COOPERATING category by India Ratings as per press release dated November 08, 2023, due to unavailability of information for monitoring of the rating.

Any other information: Nil

Rating History for last three years:

Sr No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Bank Facility-Fund Based- Term Loan	Long Term	79.01	IVR BBB- / Stable	-	-	-
2.	Bank Facility-Fund Based- Term Loan	Long Term	13.46	IVR BBB- / Stable	-	-	-
3.	Bank Facility-Fund Based- Line of credit for short term loan	Short Term	130.00	IVR A3	-	-	-
4.	Bank Facility-Non-Fund Based- Bank Guarantee	Short Term	40.00	IVR A3	-	-	-



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Sr No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
5.	Bank Facility-Non-Fund Based- Letter of Credit	Short Term	100.00	IVR A3	-	-	-
6.	Bank Facility-Non-Fund Based- Proposed Letter of Credit	Short Term	75.00	IVR A3	-	-	-
7.	Proposed Bank Facilities	Long Term/ Short Term	84.65	IVR BBB- / Stable/ IVR A3	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities-Fund Based- Term Loan	-	-	September 30,2027	92.47	IVR BBB-/Stable
Short Term Bank Facilities-Fund Based- Line of credit for short term loan	-	-	-	130.00	IVR A3
Short Term Bank Facilities-Non- Fund Based-Bank Guarantee	-	-	-	40.00	IVR A3
Short Term Bank Facilities-Non- Fund Based-Letter of Credit	-	-	-	100.00	IVR A3
Short Term Bank Facilities-Non- Fund Based-Proposed Letter of Credit	-	-	-	75.00	IVR A3
Long Term/Short Term – Proposed Bank Facilities	-	-	-	84.65	IVR BBB-/Stable/ IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable



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Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-biltgraphic-apr24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.