



Press Release

Bindlas Duplux Limited

February 10, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	65.96	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	21.40	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
Total	87.36	(Rupees Eighty-Seven Crore Thirty-Six Lakhs Only)			

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned the long-term rating of IVR BBB- with a Stable outlook and short-term rating of IVR A3 for the bank loan facilities of Bindlas Duplux Limited (BDL).

The assigned rating draws comfort from experience promoters with established track record of operations. The rating further draws comfort from comfortable financial risk profile along with low customer concentration risk and improvement in profitability margins. However, these strengths are partially offset by decline in revenue, profit margins susceptibility to volatility in raw material prices, exposure to foreign exchange fluctuation risk and susceptibility to intense competition & cyclicity in the paper industry.

The stable outlook is assigned on the back of experienced promoters and running orders the company receives from its customers. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. Infomerics ratings believes that BDL business & financials risk profile will be maintained over the medium term considering the overall risk profile of the company.



Press Release

Infomerics Ratings has principally relied on the standalone audited financial results of BDL up to FY24 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027) and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Sustained increase in scale of operations with improvement in profitability
- Maintaining capital structure and debt protection metrics along with improvement in working capital cycle

Downward Factors

- Deterioration in capital structure with TOL/TNW remaining above 3x on sustained basis.
- Elongation in the operating cycle impacting liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with established track record of operations

Bindlas Duplux Limited (BDL) is led by Mr. Pankaj Aggarwal, who has 37 years of extensive experience in paper industry and Mr. Ankit Agarwal, who has 21 years of experience in paper industry. The long-standing presence of the promoters in the industry has enabled the company to establish strong relationships with customers in a remarkably short time.

Comfortable financial risk profile

The financial risk profile of the company is comfortable marked by moderate capital structure and comfortable debt protection metrics. Overall gearing ratio stood at 0.78x as on March 31, 2024 against 0.80x as on March 31, 2023. The TOL/TNW stood at 2.71x as on March 31, 2024 against 2.69x as on March 31, 2023 due to increase in creditors in FY 2024. Unsecured loans to the tune of Rs 4.17 crore are subordinated to the bank borrowings as on March 31, 2024. The debt protection metrics also stood comfortable marked by interest coverage ratio of 1.93x in FY 2024 against 2.12x in FY 2023 and debt service coverage ratio of 1.30x in FY 2024



Press Release

against 1.17x in FY 2023.

Improvement in profitability margins

The profitability margins of BDL has improved, with the EBITDA Margin rising from 3.39% in FY23 to 6.23% in FY24 on account of significant reduction in power and fuel cost and decline in realisation of waste paper from Rs 23,307/MT (FY23) to 17,451/MT (FY24). The power and fuel cost contributes ~45% of manufacturing expense, company has shifted from coal and paddy husk to RDF (Refuse Derived Fuel) for generating power, which resulted in reduction in power and fuel cost by ~39%. Further, PAT Margin remained modest and slightly improved from 0.19% in FY23 to 0.74% in FY24.

Low customer concentration risk

The revenue from top 5 customers' accounts for ~28% of its total revenue in FY 24 and ~36% in FY 23, thereby indicating low customer concentration risk. This diversification across multiple clients reduces the potential impact on the company's performance if any single customer is lost.

Key Rating Weaknesses

Decline in revenue

The TOI of the company has declined by ~20% from Rs 355.82 crore in FY23 to Rs 287.77 crore in FY24 on account of decline in average realisation of kraft paper and duplex board in FY24. The average realisation of kraft paper & duplex board reduced from 32,232/MT & 45,751/MT respectively in FY23 to 26,225/MT & 34,220/MT respectively in FY24. Further, BDL has registered TOI of Rs 225.20 crore in 9MFY25.

Exposure to foreign exchange fluctuation risk

The company has imported ~11% of its raw material from USA & Europe in FY24 compared to ~14% in FY23 which exposes company to risk of foreign currency fluctuation and would impact the company's profitability due to vulnerable foreign currency exchange rate fluctuations, to the extent unhedged.

Profit margins susceptibility to volatility in raw material prices



Press Release

The company is engaged in manufacturing of kraft paper from waste papers. The raw material costs account for ~58%-60% of total expense in FY 2024. Volatility in prices of wastepaper may have impact on profitability margins.

Susceptibility to intense competition and cyclical in the paper industry

The paper industry is highly fragmented, with both organised and unorganised players competing for market share. The fragmentation is particularly pronounced in the industrial paper segment, which accounts for a significant portion of the overall industry, where unorganised players dominate. Competition, especially in the kraft paper segment, is intense, resulting in limited pricing flexibility for players. Furthermore, end users of packaging paper tend to be price-sensitive, adding to the pressure on margins. This competitive and fragmented landscape is expected to persist in the medium-to-long term, with consolidation remaining unlikely due to the presence of unviable capacities.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The company's liquidity remains adequate marked by 91.29% average utilisation of fund-based limits during the past 12 months ended December 2024. The company is expecting GCA in the range of Rs. 11.43 crore to Rs 18.32 crore during FY25-27 against debt obligation in the range of Rs. 7.43 crore to Rs 9.35 crore during FY25-27. The current ratio remains above unity at 1.15x as on March 31, 2024. The Working Capital Cycle of the company stood at 67 days in FY24 which was 48 days in FY23. The unencumbered cash and bank balance stood at Rs. 0.14 crore as on December 31, 2024. The Gross cash accruals stood at Rs. 10.33 crore in FY 24 against Rs. 6.13 crores in FY23.



Press Release

About the Company

Bindlas Duplex Limited (BDL) founded in 1989, is engaged in manufacturing of kraft paper and duplex board from wastepaper in Muzaffarnagar, Uttar Pradesh. BDL has an installed capacity of 45000 MT for Kraft Paper and 52000 MT for duplex board. The company is led by Mr. Pankaj Aggarwal who has over 37 years of experience and Mr. Ankit Aggarwal who has over 21 years of experience in paper industry. The company is a part of Bindal Group, which has a diversified portfolio in Manufacturing of Cut pack A4 Copier paper, Writing & Printing grades and its Notebooks.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	355.96	287.77
EBITDA	12.05	17.94
PAT	0.67	2.16
Total Debt	55.24	55.44
Adjusted Tangible Net Worth (including quasi equity)	68.67	71.51
EBITDA Margin (%)	3.39	6.23
PAT Margin (%)	0.19	0.74
Overall Gearing Ratio (x) (including quasi equity)	0.80	0.78
Interest Coverage (x)	2.12	1.93

** Classification as per Infomerics Standard*

Status of non-cooperation with previous CRA: None

Any other information: None



Press Release

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based Facilities	Long Term	65.96	IVR BBB-/Stable	-	-	-
2.	Fund Based Facilities	Short Term	2.00	IVR A3	-	-	-
3.	Non-Fund Based Facilities	Short Term	19.40	IVR A3	-	-	-

Analytical Contacts:

Name: Vipin Jindal
Tel: (011) 45579024
Email: vipin.jindal@infomerics.com

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).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



Press Release

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.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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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
Term Loan	-	-	November 2029	23.96	IVR BBB-/Stable
Cash Credit	-	-	-	42.00	IVR BBB-/Stable
Standby Line of Credit	-	-	-	2.00	IVR A3
Bank Guarantee	-	-	-	1.40	IVR A3
Letter of Credit	-	-	-	18.00	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-bindlas-duplux-feb25.pdf>



Press Release

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: 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.

