

Ratings

CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

CRISIL

An S&P Global Company

Rating Rationale

May 13, 2022 | Mumbai

B&B Triplewall Containers Limited

Rated amount enhanced

Rating Action

Total Bank Loan Facilities Rated	Rs.140 Crore (Enhanced from Rs.40 Crore)
Long Term Rating	CRISIL BBB+/Stable (Reaffirmed)

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings' rating on the long-term bank facilities of B&B Triplewall Containers Limited (BBTCL) continue to reflect the extensive industry experience of the promoters, established client relationships and a comfortable financial risk profile. These strengths are partially offset by exposure to intense competition, customer concentration risk and exposure to cyclicity in the end-user industry..

Analytical Approach

Unsecured loans (Rs.13.23 crore as on March 31, 2021) have been treated as neither debt nor equity because these loans are expected to remain in the business over the medium term

Key Rating Drivers & Detailed Description

Strengths:

Extensive entrepreneurial experience of promoters and established client relationships: The promoters' experience of two decades, their strong understanding of market dynamics and healthy relationships with suppliers and customers should continue to support the business. End user profile is diversified across industries and comprises fast-moving consumer goods (FMCG), processed food and beverages and online retail segments.

Comfortable financial risk profile: Gearing and total outside liabilities to tangible networth ratios are expected at a comfortable 0.52 time and 0.92 time, respectively, as on March 31, 2022. The company is setting up a new kraft paper plant in fiscal 2023 at a total investment of Rs 130 crore, of which, around Rs 80 crore will be funded by bank debt and balance through internal accruals. Funding support will be provided by promoters if required. Despite this, overall gearing is likely to be less than 1.5 times in the medium term, mainly on account of healthy accretion to reserve. Debt protection metrics are comfortable with interest coverage (IC) and net cash accrual to adjusted debt (NCAAD) ratios expected at 10.39 times and over 0.5 times, respectively, for fiscal 2022. Debt protection metrics are expected to deteriorate due to capex plans, but would remain comfortable over the medium term.

Weakness:

Exposure to Intense competition and customer concentration risk: The industrial paper packaging industry in India is highly fragmented and the consequent intense competition may continue to constrain scalability, pricing power and profitability. Furthermore, the company's top-5 customers contribute to about 47.94 percent to the overall revenues, with single customer being at 27.19 percent. Any loss of customers or change in terms may significantly weaken the business risk profile.

Exposure to cyclicity in the end-user industry: Cyclical downturns or adverse variability in the demand-supply balance may result in lower realisations. Any adverse impact in the end-user industry may have an impact on the overall revenues and profitability of the company.

Risks related to the upcoming capex plans: The firm is taking up a project to set up a Kraft paper unit in fiscal 2023 at an estimated cost of around Rs 130 crore, which will be partly funded via debt of Rs 80 crore. The balance requirement will be met through internal accruals. Completion of the capex within budgeted costs, timely commencement of commercial operations and offtake from the same will remain key monitorables.

Liquidity: Adequate

Bank limit utilisation is moderate at around 58 percent for the past 8 months ended Feb-22. Cash accruals are expected to be over Rs 30 to 40 crore which are adequate against term debt obligation of Rs 4.8 crore per annum over the medium term. The ongoing capex is being prudently funded and is not likely to impact liquidity in the medium term. The debt obligation for new bank loan facility is likely to commence from the second half of March 2024.

Outlook: Stable

BBTCL should continue to benefit from extensive entrepreneurial experience of its promoters and established relationship with customers.

Rating Sensitivity Factors

Upward Factors

- Substantial and sustainable increase in revenue or profitability, leading to cash accrual of over Rs 38 crore
- Completion of capital expenditure plans without any cost or time overruns and healthy offtake from enhanced capacity resulting in improvement in operating performance and financial metrics

Downward Factors

- Decline in revenue or de-growth in profitability leading to lower cash accrual
- Any time or cost over-runs in completing the capex or slower-than-expected ramp up due to weak offtake
- Stretch in working capital cycle or any large debt-funded capex weakening the capital structure leading to gearing of over 1.5 times

About the Company

BBTCL was incorporated in August 2011 and commenced commercial operations in June 2012. The company, based in Bengaluru, manufactures corrugated boxes used for packaging of products in FMCG and electronic-commerce industries.

Key Financial Indicators

As on/for the period ended March 31	Unit	2021	2020
Operating income	Rs crore	243.87	197.04
Reported profit after tax	Rs crore	15.16	5.09
PAT margins	%	6.51	2.30
Adjusted Debt/Adjusted Networth	Times	0.55	0.76
Interest coverage	Times	7.29	3.84

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Cr)	Complexity Levels	Rating assigned with outlook
NA	Cash Credit	NA	NA	NA	12	NA	CRISIL BBB+/Stable
NA	Cash Credit	NA	NA	NA	18	NA	CRISIL BBB+/Stable
NA	Cash Credit	NA	NA	NA	5	NA	CRISIL BBB+/Stable
NA	Long Term Loan	NA	NA	Mar-2029	40	NA	CRISIL BBB+/Stable
NA	Long Term Loan	NA	NA	Mar-2029	40	NA	CRISIL BBB+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	15	NA	CRISIL BBB+/Stable
NA	Term Loan	NA	NA	Sep-2023	10	NA	CRISIL BBB+/Stable

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2022 (History)		2021		2020		2019		Start of 2019
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	140.0	CRISIL BBB+/Stable	07-04-22	CRISIL BBB+/Stable	09-09-21	CRISIL BBB+/Stable	22-12-20	CRISIL BBB/Positive	01-03-19	CRISIL BBB/Stable	CRISIL BB+/Stable
		--	--		--	18-08-21	CRISIL BBB+/Stable	24-06-20	CRISIL BBB/Stable		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	12	HDFC Bank Limited	CRISIL BBB+/Stable
Cash Credit	18	IndusInd Bank Limited	CRISIL BBB+/Stable
Cash Credit	5	IndusInd Bank Limited	CRISIL BBB+/Stable
Long Term Loan	40	IndusInd Bank Limited	CRISIL BBB+/Stable
Long Term Loan	40	HDFC Bank Limited	CRISIL BBB+/Stable
Proposed Long Term Bank Loan Facility	15	Not Applicable	CRISIL BBB+/Stable
Term Loan	10	IndusInd Bank Limited	CRISIL BBB+/Stable

This Annexure has been updated on 13-May-2022 in line with the lender-wise facility details as on 17-Aug-2021 received from the rated entity.

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](#)[Understanding CRISILs Ratings and Rating Scales](#)

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