December 8, 2025

JGN Sugar and Biofuels Private Limited: Ratings reaffirmed

Summary of rating(s) outstanding

Instrument^	Previous Rated Amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash credit	143.00	143.00	[ICRA] A (CE) (Stable); reaffirmed
Long-term – Fund-based – Term loans	215.37	215.37	[ICRA] A (CE) (Stable); reaffirmed
Short-term - Fund-based – LER/ Forward contract	5.20	5.20	[ICRA] A2+ (CE); reaffirmed
Long-term/ Short-term – Unallocated	1.43	1.43	[ICRA] A (CE) (Stable)/ [ICRA]A2+(CE); reaffirmed
Total	**365.00**	**365.00**	

Rating Without Explicit Credit Enhancement	[ICRA]BBB/ [ICRA]A3+

^Instrument details are provided in Annexure

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

For the [ICRA]A (CE) (Stable)/ [ICRA]A2+(CE)

The rating of [ICRA]A (CE) (Stable) / [ICRA]A2+ (CE) for the Rs. 365.0-crore bank facility of JGN Sugar and Biofuels Private Limited (JGN) is based on the strength of the corporate guarantee provided by its sponsor, Bahl Paper Mills Ltd (BPML) *[rated [ICRA]A (Stable) / [ICRA]A2+]*. The Stable outlook on this rating reflects ICRA's outlook on the credit profile of the guarantor, BPML.

Adequacy of credit enhancement

The rating of the facility is based on the credit substitution approach, whereby ICRA's opinion on the credit profile of the guarantor has been translated into the rating of the said facility. The guarantee is irrevocable, unconditional, covers the entire sanctioned amount and tenure of the rated facility, and has a well-defined pre-default invocation and payment mechanism. Given these attributes, the guarantee provided by BPML is adequately strong to result in an enhancement in the rating of the said facility to [ICRA]A (CE) (Stable) / [ICRA]A2+ (CE), compared to the rating of [ICRA]BBB without explicit credit enhancement. If ICRA's opinion on the credit profile of the guarantor changes in future, the same would be reflected in the rating of the aforesaid facility as well.

Salient covenants of the rated facility

»Bank reserves the absolute right to cancel the sanctioned limits (either fully or partially) unconditionally without prior notice:

- In case limits/part of limits not utilised by the company, and/or
- In case the deterioration in the loan account of borrower any manner whatsoever, and/or
- In case noncompliance of terms and conditions of sanction letter.

Key rating drives and their description

Credit strengths

Established operational track and extensive experience of promoters in the paper industry –BPML was incorporated in 2006 to manufacture duplex board and poster paper. The promoters have been involved in the paper business for almost three decades and have also developed an established relationship with their customers and suppliers.

Venture into sugar/ethanol business is expected to aid revenue diversification – BPML has diversified its business profile by foraying into sugar and ethanol production, along with co-generation power, through JGN. JGN reported revenues of Rs. 136 crore in its first full year of operations, i.e., FY2025. The growth momentum in JGN is expected to improve significantly from FY2026 onwards, supported by higher capacity utilisation in both sugar and ethanol, new orders received for ethanol, and additional revenues from the country liquor (CL) unit being set up in FY2026.

Diversified product profile and established presence in value-added paper supports margin profile – BPML's product portfolio is well diversified. It manufactures duplex board, kraft paper and poster paper. The entity produces various categories of coated duplex boards, which are extensively used in the printing and packaging industry. The company is also involved in the manufacturing of high-grade kraft paper and poster paper. The majority of the company's revenues come from duplex board, which is generally a more value-added product and generates better margins than other products.

Diversified end-user sectors mitigate risk of demand slowdown in any particular industry – BPML manufactures specialised kraft paper with a burst factor (BF) between 16 and 28, and duplex boards between 250 grams per square metre (GSM) and 600 GSM. The entity's end-user industries include pharmaceuticals, food chains, footwear, cosmetics, toiletries, cigarettes, liquor, FMCG and others. The company's presence across sectors insulates it from a downturn in any one specific industry. Besides, JGN will provide further business diversity to BPML's consolidated operational profile.

Credit challenges

Moderation in financial risk profile due to large debt-funded capex for the sugar business, expected to improve gradually – BPML has remained debt-free in recent years at a standalone level. However, a large debt-funded capex in the subsidiary, JGN, led to a moderation in the capital structure and debt coverage metrics on a consolidated basis during FY2024-FY2025. JGN's project cost was about Rs. 390 crore, which was financed through a term loan of around Rs. 215 crore, with the remaining amount infused by the promoter. JGN has a capacity of 6,240 tonnes of cane crushed per day (TCD), 3,240 TCD for sugar production, 3,000 TCD for ethanol production, and a 21.8-megawatt (MW) co-generation power plant. JGN reported moderate sales of Rs. 136 crore in FY2025, which was the company's first full year of operations; however, it maintained a healthy capacity utilisation of 89% for sugar in FY2025. ICRA expects a steady ramp-up over the near term, which, coupled with the steady performance of the paper business, is expected to support improvement in the consolidated financial risk profile.

Profitability vulnerable to adverse fluctuations in raw material and output prices – Any adverse movement in raw material prices can negatively impact the company's margins, as witnessed through a moderation in margins during FY2023-FY2024. The company is also expected to witness some decline in margins for FY2025 in the paper business. BPML encountered pressure on sales realisations in recent two fiscals, including increases in certain input costs, which have impacted its margin profile. Being an agri-commodity, the sugarcane crop is dependent on climatic conditions and is vulnerable to pests and diseases that may impact the yield per hectare as well as the recovery rate. These factors can significantly impact the company's profitability. Further, high dependence on a single crop variety may affect yield and recovery rates. In addition, the cyclicality in sugar production results in volatility in sugar prices.

High working capital intensity – BPML operates in a working-capital-intensive industry, with high inventory requirements, as reflected by the NWC/OI of 40-50% in recent years. Moreover, JGN's working capital intensity is expected to be higher at 50-60%. This is due to the company's nature of business and the requirement to maintain inventory levels for sugar and ethanol, considering that the raw material, sugarcane, is available only during the November-April period.

Liquidity position: Adequate

For [ICRA]A (CE) (Stable)/ [ICRA]A2+(CE): Adequate

BPML's liquidity is adequate, driven by free cash and liquid investments of Rs. 60-65 crore (as on September 30, 2025) and a cushion of Rs. 30-40 crore in working capital limits in BPML (at a consolidated level), amid healthy and sustained cash flow generation from operations. BPML invested ~Rs. 122 crore of equity capital in JGN in FY2024 and the current fiscal and further invested Rs. 80 crore as CCDs in FY2025 and H1 FY2026 to support JGN's funding requirements over the near to medium term. Going forward, the majority of capex (around Rs. 100 crore over FY2026 and FY2027) is expected to be incurred in BPML, with no material capex planned in JGN at a standalone level. This is expected to be funded through future cash flow generation and available surplus liquidity. There is no debt in BPML, while repayments of ~Rs. 27-33 crore per annum over the next two fiscals are due in JGN. JGN's ability to timely ramp up its operations and achieve the desired operating efficiency will remain key to BPML's consolidated liquidity profile.

For [ICRA]BBB: Adequate

The liquidity position for JGN is adequate, on account of the Rs. 30-40 crore cushion in the cash credit facility of Rs. 143 crore for its own working capital requirements. Given that commercial production of the sugar plant has already commenced, the gradual increase in operations in the current sugar year (SY) is likely to provide earnings support over the near to medium term. Apart from the equity investment from BPML, the company has also received Rs. 80 crore of CCDs at a nominal rate of interest as funding support over FY2025-FY2026.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings in case of strengthening of the credit profile of BPML.

Negative factors – Pressure could arise on the ratings in case of a deterioration in the credit profile of BPML.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology of Sugar
Parent/Group support	The ratings are based on the unconditional, irrevocable and continuing guarantee from BPML that covers all the repayment obligations of the sanctioned facilities.
Consolidation/Standalone	Standalone

About the company

JGN was incorporated for the Group's venture into the sugar and ethanol business. In November 2024, JGN commenced production of sugar and ethanol and generated power from its co-generation power plant in Sitarganj, Uttarakhand. The plant has been acquired on a 30-year lease from Uttarakhand Sahakari Chini Mills Sangh Limited on a develop, operate, maintain and transfer (DOMT) basis. BPML holds an 87.14% stake in JGN and has extended a corporate guarantee for the entire debt sanctioned to JGN. The company decided to expand its sugar plant with the addition of ethanol manufacturing and a co-generation power plant. The old plant was unviable since it only produced sugar and had inefficient machinery. There was no issue regarding the availability of sugarcane in the locality, which is key to the success of any integrated sugar plant. JGN has a capacity of ~6,000 TCD of cane crushed per day for the sugar and ethanol plant, and 21.8 MW of co-generated power. The company has a distillery plant of 225 kilolitres per day (KLPD) to produce ethanol.

JGN commenced its commercial production in November 2024, at the start of the current SY. November-April is the peak season for sugarcane, during which the company produces sugar and ethanol to sell throughout the year. The company's profitability is prone to the cyclical nature of the sugar industry (though the sharp fall in sugar prices has been curtailed after the introduction of the minimum selling price) and the agro-climatic risks related to cane production. Further, the profitability of sugar mills, including JGN, is exposed to the policies of the Central and state governments on cane prices, international trade, domestic quota, sugar and ethanol pricing, and interest-subvention loans for distillery capacity expansions. Given its nascent stage of operations and moderate scale, JGN has remained loss-making at the net level. However, BPML has continued to provide funding support to JGN.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	19.9	136.2
PAT	(1.5)	(9.6)
OPBDIT/OI	10.6%	6.6%
PAT/OI	-7.6%	-7.1%
Total outside liabilities/Tangible net worth (times)	2.4	3.2
Total debt/OPBDIT (times)	97.1	43.0
Interest coverage (times)	0.9	0.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore;
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

About the Guarantor

Incorporated in 2006, BPML was established by Mr. Naresh Jhanjhi. The company is involved in the manufacturing of various categories of coated duplex boards that are extensively used in the printing and packaging industry (for packaging requirements in the FMCG, pharma, readymade garments, and automobile ancillary industries, etc). BPML also manufactures high-grade duplex boards that find application in the making of wedding cards, visiting cards and notebook covers, etc. The company also manufactures kraftpaper and poster papers, used in bakeries and food chains, grocery bags, printing calendars, bangle packing and others. Its manufacturing unit is in Kashipur, Uttarakhand, with an installed production capacity of 1,56,000 metric tonnes per annum.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Dec 8, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long term	143.00	[ICRA]A (CE) (Stable)	Mar 05, 2025	[ICRA]A (CE) (Stable)	-	-	-	-
				Feb 04, 2025	[ICRA]A (CE) (Stable)	-	-	-	-
Term Loans*	Long term	215.37	[ICRA]A (CE) (Stable)	Mar 05, 2025	[ICRA]A (CE) (Stable)	-	-	-	-
				Feb 04, 2025	[ICRA]A (CE) (Stable)	-	-	-	-
LER/ Forward contract	Short Term	5.20	[ICRA]A2+(CE)	Mar 05, 2025	[ICRA]A2+(CE)	-	-	-	-

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Dec 8, 2025	Date	Rating	Date	Rating	Date	Rating
				Feb 04, 2025	[ICRA]A2+(CE)	-	-	-	-
Unallocated	Long term/ Short Term	1.43	[ICRA]A (CE) (Stable)/ [ICRA]A2+(CE)	Mar 05, 2025	[ICRA]A (CE) (Stable)/ [ICRA]A2+(CE)	-	-	-	-
				Feb 04, 2025	[ICRA]A (CE) (Stable)/ [ICRA]A2+(CE)	-	-	-	-

** total term loan sanctioned was Rs. 260 crore; however, the final drawdown amount is Rs. 215.37 crore only*

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund Based – Cash credit	Simple
Long Term – Fund Based – Term loans	Simple
Short term - Fund Based – LER/ Forward contract	Very simple
Long Term/Short Term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Cash credit**	NA	NA	NA	143.00	[ICRA]A (CE) (Stable)
NA	**Term loans***	Nov 2024	~9.5%	Aug 2032	215.37	[ICRA]A (CE) (Stable)
NA	**LER/ Forward contract**	NA	NA	NA	5.20	[ICRA]A2+(CE)
NA	**Unallocated**	NA	NA	NA	1.43	[ICRA]A (CE) (Stable)/ [ICRA]A2+(CE)

*Source: Company; * total term loan sanctioned was Rs. 260 crore; however, the final drawdown amount is Rs. 215.37 crore only*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not applicable

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