Rating Rationale

Brickwork Ratings assigns long term rating of 'BWR BB+' and a short term rating of 'BWR A4' with a stable outlook for the Bank Loan facilities amounting to ₹ 26.25 Cr of Akshat Papers Ltd.

Brickwork Ratings has assigned **Ratings**[1] for the bank loan facilities of Rs. 26.25 Crores (Rupees Twenty Six Crores and Twenty Five Lakhs) of Akshat Papers Ltd (the "Company" or "APL") for the below bank loan facilities from Bank of India Ltd as follows:

Facility	Limit (Rs Crs)	Tenure	Rating
Fund Based Cash Credit Term Loan	 16.00 3.25	**Long Term**	**BWR BB+** (Pronounced as Double B Plus) **Outlook : Stable**
Non Fund Based Letter of Credit Bank Guarantee	 7.00 (0.45)	**Short Term**	**BWR A4** (Pronounced as A Four)
Total	**26.25**	**Rs Twenty Six Crores and Twenty Five Lakhs Only**	

BWR has essentially relied upon the audited financial results up to FY15, provisional financials up to FY16, projected financials of the Company up to FY18, publicly available information and clarification provided by the Company's management.

The rating draws its strengths from vast experience of the promoter in the industry, wide network of dealers/distributors to supply finished products to the end users, utilization of production capacity at optimum levels. The rating is, however, constrained by susceptibility of margins to price volatility of raw materials, product concentration risk and low margins due to intense competition.

Background

Akshat Papers Limited is a Surat, Gujarat based company. The company was incorporated in 1996 and has been operational since 1998. It has a production plant in Bardoli, near Surat (Gujarat) and is engaged in manufacturing of kraft paper. APL, promoted by Mr. Suresh Singhal and his son Mr. Akshat Singhal.

Management Details

Mr. Suresh Singhal is the Director of the Company with 30 years of experience; he is managing the affairs of the Company since inception. Mr. Akshat Singhal the other Director looks after the marketing and day to day management of the plant.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Financial Performance

In FY15, net sales were Rs 97.26 Crs. Company reported profit after tax of Rs 0.68 Crs in FY15. Tangible net-worth in FY15 is reported at Rs 19.76 Crs. In FY15 gearing levels were at 2.26x.

Rating Outlook

The outlook is expected to be stable over the year. Going forward the ability of the Company to improve its increase scale of operations, increase profitability margins, improve capital structure, insulate itself from product concentration risk and manage working capital efficiently would be the key rating sensitivities.

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