

RATING RATIONALE

10 December 2020

Ashoka Kraft Paper Mills LLP

Brickwork Ratings Downgrades the long term rating and reaffirms the short term rating for the Bank Loan Facilities aggregating Rs. 33.15 Crs. of Ashoka Kraft Paper Mills LLP (“AKPMLLP” or the “Firm”) while retaining the ratings in the “Issuer Not Cooperating” category based on best available information, as the issuer did not cooperate. Accordingly the ratings for the said instrument are as under

Facilities*	Amount (Rs.Crs)		Tenure	Rating#	
	Previous	Present		Previous April, 2018^	Present
Fund Based: Cash Credit Term Loan	12.00 19.65	12.00 19.65	Long Term	BWR BB-, Negative, Downgrade, Issuer Not Cooperating**	BWR B+, Negative, Downgrade, Issuer Not Cooperating**
Non Fund Based: Bank Guarantee	1.50	1.50	Short Term	BWR A4, Downgrade, Issuer Not Cooperating**	BWR A4, Reaffirmed, Issuer Not Cooperating**
Total	33.15	33.15	INR Thirty-Three Crores and Fifteen Lakhs Only		

Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings.

* Details of Bank facilities are provided in Annexure-I

**Issuer did not cooperate, based on best available information.

Ratings migrated to INC directly without moving to the RNR category.

RATING ACTION: Downgrade and Reaffirmation

Brickwork Ratings has **downgraded** the rating of the long term bank loan facilities of Rs. 31.65 Crs of Ashoka Kraft Paper Mills Ltd to **BWR B+, Negative**, and **has reaffirmed** the rating of their short term bank loan facilities of Rs. 1.50 Crs at **BWR A4**, (aggregate rated amount Rs. 33.15 crores), while **retaining** the rating in the “**Issuer not Cooperating**” category, based on best available information as the issuer did not cooperate.



NATURE OF NON-COOPERATION

The rating was due for review in December, 2017. Due to lack of cooperation from the issuer despite continued follow up to enable us to carry out a review, the ratings were downgraded to BWR BB-, Negative, and moved to “Issuer Not Cooperating” category in April, 2018. On further follow up recently with the client for surveillance, BWR was advised by them to withdraw the rating, for which the client was requested to furnish a “No Objection Certificate” from their banker, as well as a formal request letter from them. Despite our requests, the required documents were not provided. Mails sent to the banker requesting for feedback on the account also remained unresponded. Further, the firm has not been furnishing the required No Default Statements (NDS) since long.

Thus, due to lack of management cooperation for furnishing the minimum required information/documents required for assessing the present status of the firm, their lack of response to our requests to provide documents to proceed with the withdrawal of the ratings, and non submission of the No Default Statements for a prolonged period of time, BWR is unable to assess the performance of the firm and its ability to service its debt and maintain a valid rating, or to withdraw the ratings. Accordingly, the rating continues to remain in the “Issuer Not Cooperating” category. The rating **downgrade/reaffirmation** is based on the lack of feedback and up to date information on the firm - either from the firm itself, or from its banker.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, non cooperation by the rated entities to provide the required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of the information required for a review of the rating.

KEY FINANCIAL INDICATORS [AS AVAILABLE WITH BWR as on December 2016]:

Key Financial Indicators	Units	FY 16	FY 15
Result Type		Audited	Audited
Operating Revenue	INR Cr	52.07	15.35
EBITDA	INR Cr	8.91	1.97
PAT	INR Cr	4.53	0.52
Tangible Net Worth	INR Cr	15.86	10.10
Total Debt/Tangible Net Worth	Times	2.42	2.96
Current Ratio	Times	2.25	2.75

FIRM’S PROFILE (Information as available in December 2016)

Ashoka Kraft Paper Mills LLP (AKPMLLP) was incorporated on 03 May 2013, with its registered office at C-7/246, Yamuna Vihar, Delhi. The Firm’s manufacturing unit is located in Baihata, Kamrup, Assam. Company’s commercial operation started in Nov, 2014. It is engaged in manufacturing of various grades of kraft paper, mainly used in packaging industry, specifically used in manufacturing of corrugated boxes. The directors of the company are Mr. Brij Bhushan Gupta, Mr. Neeraj Kumar Jain, Mr. Pradeep Kumar Gupta, Mr. Suresh Kumar Agarwal and Mr. Shiv Kumar.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

S. No	Name of Instrument	Current Rating- Dec 2020			Chronology of Rating History for the past 3 years along with outlook/watch, if applicable				
		Type(Long term/ Short Term)	Amount Outstanding (Rs. in Crs.)	Rating	Date(s) & rating(s) assigned in year 2019	Date(s) & rating(s) assigned in year 2018		Date(s) & rating(s) assigned in year 2017	
1	Bank Loan Facility	Long Term	31.65	BWR B+, Negative, Downgraded Issuer Not Cooperating*	-----	20-04-18		-----	
						F B	31.65		BWR BB- Negative, Downgraded Issuer not cooperating*
		Short Term	1.50	BWR A4, Reaffirmed Issuer Not Cooperating*		N F B	1.50		BWR A4, Downgraded, Issuer not cooperating*
						To tal	33.15		
Total		33.15	INR Thirty-Three Crores and Fifteen Lakhs Only						

*Issuer did not cooperate, based on best available information.

The initial rating of the firm was on 16 December 2016 and the rating assigned was BB+, Stable/A4+. No surveillance rating took place thereafter.
Rating migrated to INC without moving to “Rating Not Reviewed”.

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Short Term Debt
- Manufacturing Companies
- What constitutes Non-Cooperation

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ANNEXURE I - Ashoka Kraft Paper Mills LLP

Details of Bank Loan Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [Rs. Crs]	Short Term [Rs. Crs]	Total [Rs. Crs]
1	Punjab National Bank	Cash Credit	12.00	-	12.00
		Term Loan	19.65		19.65
2		Bank Guarantee	-	1.50	1.50
TOTAL INR Thirty-Three Crores and Fifteen Lakhs Only					33.15



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