



Rating Rationale

30 Sep 2024

Ashoka Foam Multi Plast Pvt. Ltd. (erstwhile Ashoka Foam Multi Plast Ltd)

Brickwork Ratings has withdrawn the existing Bank Loan rating of long-term and short-term ratings amounting to Rs 26.00 and assigns BWR BB+/Stable/A4+ for the Bank Loan Facilities of Rs. 60.71 Crs. of Ashoka Foam Multi Plast Pvt. Ltd.(erstwhile Ashoka Foam Multi Plast Ltd).

Particulars

Facilities**	Amount (Rs.Crs.)	Tenure	Rating #
Fund Based	22.00	Long Term	BWR C Withdrawn
Non-Fund Based	4.00	Short Term	BWR A4 Withdrawn
Grand Total	26.00	Rupees Twenty Six Crores only	

Facilities**	Amount (Rs.Crs.)	Tenure	Rating #
Fund Based	50.71 <hr/> (15.00)	Long Term	BWR BB+/Stable Assignment
Non-Fund Based	10.00	Short Term	BWR A4+ Assignment
Grand Total	60.71	(Rupees Sixty Crores and Seventy One lakhs Only)	

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

**Details of Bank Loan facilities,consolidation or instruments are provided in Annexure

Note: The previously rated facilities with Canara Bank have been fully closed. We are now proposing to assign ratings to facilities with HDFC Bank and SBI Bank.



RATING ACTION / OUTLOOK

BWR has withdrawn the previous rating for Ashoka Foam Multi Plast Pvt. Ltd. (formerly Ashoka Foam Multi Plast Ltd) due to the facility's closure and has assigned fresh long-term and short-term ratings of BWR BB+/Stable/A4+ as their business risk profile will be maintained over the medium term. The ratings reflect the promoters' extensive experience, strong presence in the furniture industry, and healthy financial risk profile. Despite challenges posed by the working capital-intensive nature of operations and global industry competition, the 'Stable' outlook indicates a low likelihood of rating change in the medium term. There is potential for a positive revision if revenues and profits continue to increase, while a negative revision may occur if revenues decline and profit margins fall below expectations.

KEY RATING DRIVERS

Credit Strengths:-

- **Experience management: :**

The promoter brings over a decade of experience in the plastic molded furniture, mattress, and aluminum composite panel industries. Their deep understanding of market dynamics and strong relationships with customers and suppliers will continue to drive steady growth in revenue, profitability, and market share for the company.

- **Stable financial risk profile: :**

The company maintains a stable financial risk profile, characterized by a consistent topline, tangible net worth, and debt protection metrics. The topline was Rs 124.48 Cr in FY23 and Rs 129.08 Cr in FY24, while the tangible net worth was Rs 27.01 Cr in FY23 and Rs 28.62 Cr in FY24. The Interest Service Coverage Ratio (ISCR) stood at 1.59 times in FY23 and 1.55 times in FY24, while the Debt Service Coverage Ratio (DSCR) was 1.05 times in FY23 and 1.10 times in FY24 respectively. The debt protection metrics are expected to remain stable over the medium term.

Credit Risks:-

- **Susceptibility of margin due to volatility in raw material: :**

The company's margins are sensitive to fluctuations in raw material prices, which can affect profitability. Significant volatility in key input costs may strain margins and impact overall financial performance. However, the company can pass on increased input costs to clients on a case-by-case basis.

- **Exposure to intense competition: :**

AFMPL operates in a highly competitive market, encountering significant challenges from both unorganized and organized players. This intense competition could restrict the company's growth potential, erode pricing power, and pressure profitability. Over the long term, these pressures may continue to hinder the company's ability to scale, maintain pricing power, and sustain profitability.



ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the ability of the company to improve its scale of operations, profitability margins, overall credit risk profile and efficiently manage its working capital requirement would be the key rating sensitivity.

Positive: The rating outlook may be revised to positive if the company is able to significantly improve its topline, DSCR and current ratio, and overall performance of the company.

Negative: The rating may be downgraded if there is a delay in debt servicing, substantial decline in topline and deterioration in the liquidity ratios of the company.

LIQUIDITY INDICATORS - Adequate

AFMPL maintains adequate liquidity, with projected net cash accruals of Rs 4.5-6.5 crore per annum, against the CPLTD range of Rs 0.9 - 2.00 crore over the medium term. This indicates sufficient funds to meet debt obligations over the medium term. Furthermore, the company's current ratio stands at 1.81 times as of March 31, 2024 (compared to 3.07 times in FY23), and is expected to remain between 1.5 - 2.00 times over the medium term. The average utilization of the working capital facility with SBI Bank is 86%. Separately, the average utilization of the working capital facility with HDFC Bank is 98%, primarily due to interest payments and the liquidation of WCDL.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Furniture, Home Furnishing

Ashoka Foam Multi Plast Pvt. Ltd.(erstwhile Ashoka Foam Multi Plast Ltd) was registered on 24th May 2006. Headquartered in Bareilly, (U.P). The company is the manufacturer and supplier of Aluminum Composite Panel, Plastic Moulded Furniture like chair, stool, table and plastic crates , Spring Mattress , Bare Spring, Bare Spring Jall, Pillow, Roll away Bed , Spring Mattress Protector. Company sells its products under various brand names namely Alutuff for composite panel, Himalaya for plastic moulded furniture and Springtek for Spring mattress.



KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 21 - 22 (Audited)	FY 22 - 23 (Audited)	FY 23 - 24 (Provisional)
Operating Revenue	Rs.Crs.	112.52	124.48	129.08
EBITDA	Rs.Crs.	6.94	7.30	7.69
PAT	Rs.Crs.	0.96	0.96	1.61
Tangible Net Worth	Rs.Crs.	20.04	27.01	28.62
Total Debt / Tangible Net Worth	Times	3.21	2.31	2.13
Current Ratio	Times	2.00	3.07	1.81

KEY COVENANTS OF THE FACILITY RATED

There are standard terms and conditions for sanctions, and USL is subordinate to the Bank.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA

Not Applicable



RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspended)

Facilities		Current Rating (2024)		2024 (History)		2023		2022		2021	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	50.71	BWR BB+/Stable (Assignment)	22Feb2024	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	24Jan2023	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	08Feb2022	BWR B-Stable (Downgrade/ISSUER NOT COOPERATING*)	02Feb2021	BWR BStable (Downgraded Issuer not cooperating)
FB SubLimit	LT	(15.00)	BWR BB+/Stable (Assignment)	NA	NA	NA	NA	NA	NA	NA	NA
Non Fund Based	ST	10.00	BWR A4+ (Assignment)	22Feb2024	BWR A4 (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	24Jan2023	BWR A4 (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	08Feb2022	BWR A4 (Reaffirmation/ISSUER NOT COOPERATING*)	02Feb2021	BWR A4 (Reaffirmed Issuer not cooperating)
Grand Total	60.71	(Rupees Sixty Crores and Seventy One lakhs Only)									

*The existing rating of Canara Bank is withdrawn.

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Manufacturing Companies](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [What Constitutes Non-Cooperation](#)

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Ashoka Foam Multi Plast Pvt. Ltd.(erstwhile Ashoka Foam Multi Plast Ltd)

**ANNEXURE-I
Details of Bank Facilities rated by BWR**

Name of the Bank	Facilities	Tenure	Amount (Rs.Crs.)	Complexity of the Instrument
Canara Bank	Term Loan - Proposed	Long Term	0	Simple
	Cash Credit - Sanctioned	Long Term	0	Simple
	Letter of Credit	Short Term	0	Simple
HDFC Bank	Term Loan - Sanctioned	Long Term	7.00	Simple
	Cash Credit - Sanctioned Sub-Limit (WCDL)	Long Term	18.00(15.00)	Simple
State Bank Of India (SBI)	Cash Credit - Sanctioned	Long Term	24.00	Simple
	Letter of Credit - Sanctioned	Short Term	10.00	Simple
	GECL - Out-standing	Long Term	1.71	Simple
TOTAL (Rupees Sixty Crores and Seventy One lakhs Only)			60.71	

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com / download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf). Investors queries can be sent to info@brickworkratings.com.

**ANNEXURE-II
INSTRUMENT DETAILS**

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

**ANNEXURE-III
List of entities consolidated**

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil



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