

## RATING RATIONALE

9 November 2022

### Atri Papers Private Limited

Brickwork Ratings revises the analytical approach to ‘Standalone’, while downgrading the ratings for the bank loan facilities of Rs.12.98 crs of Atri Papers Private Limited and migrates the ratings to Issuer not Cooperating category.

#### Particulars:

Facility	Amount (₹ Crs)		Tenure	Rating**	
	Previous	Present		Previous (19 August 2021)#	Present
Fund based Term Loans Cash Credit	2.98 10.00	<b>2.98</b> <b>10.00</b>	Long Term	BWR BBB- (CE)/Stable Reaffirmed	BWR BB-/ Stable Issuer Not Cooperating*/ Downgraded^
WCDL	(10.00)	<b>(10.00)</b>	Short Term	<b>BWR A3 (CE)</b> <b>Assigned</b>	BWR A4 Issuer Not Cooperating*/ Downgraded^
<b>Total</b>	12.98	<b>12.98</b>	<b>Rupees Twelve Crores and Ninety Eight Lakhs Only</b>		

\*\*Please refer to the BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings.

The suffix “CE” indicates Credit enhancement derived from the close business association of the company with Patanjali Ayurved Ltd (PAL; rated BWR AA- (Stable)/BWR A1+ and corporate guarantee given by PAL to the lenders for ensuring timely servicing of the rated debt obligations. Standalone (unsupported) rating as assessed during Aug 2021 was at BWR BB (Stable)/A4

^Revision in analytical approach from CE to Standalone. Unsupported rating: Withdrawn in view of the revision in the analytical approach.

#Advisory issued on 05 Sept 2022 for delay in Rating Review

\*Issuer did not Cooperate. Based on the best available information.

## RATING ACTION / OUTLOOK

The rating is due for review and BWR has been following up with the client, through various emails and numerous phone calls and visits, to provide the necessary information for reviewing the existing rating. However, despite follow-up over emails and phone calls, the company has not provided the required information for a review of the rating. BWR is informed that the rated facilities have been closed with the existing lenders. However, the company has not furnished to BWR the requisite supporting documents in this regard.



Previously, the ratings for the bank loan facilities of Atri Papers Pvt Ltd (APPL) were backed by credit enhancement in the form of a Corporate Guarantee given by Patanjali Ayurved Ltd (PAL), (rated BWR AA-/Stable/A1+, the flagship company of Patanjali Group), to the lenders for timely debt servicing. Atri Papers Pvt Ltd enjoys close business association with PAL in the form of strong operational and financial linkages with PAL and other entities of the Patanjali group. Following the RBI guidance note issued in April 2022 and subsequent FAQ issued in July 2022, BWR had taken up with the company for submitting the requisite information to BWR for assessment of continuation of the credit enhancement for the rating. However, the company has not cooperated with BWR in this regard. Hence, the analytical approach is revised from a Credit enhanced to standalone approach. Accordingly, the unsupported rating is withdrawn.

### **LIMITATIONS OF THE RATING**

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation 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 ratings should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

### **COMPANY PROFILE:**

APPL was established in the year 2009, and is presently owned by Sh. Ram Bharat (younger brother of Baba Ramdev) and Mrs. Snehlata Bharat (w/o Sh. Ram Bharat). APPL is engaged in the manufacturing of corrugated boxes and cardboard cartons (packaging material) which it supplies majorly to its own group entities. The unit is located within the industrial park of the Patanjali group at Haridwar. The unit has a total installed capacity of 22,000 tons per annum and is currently operated at a capacity utilization of 68.35% (P.Y. 51.36%) in FY21.

### **GUARANTOR PROFILE:**

PAL is a flagship company of Patanjali group and is engaged in the manufacturing and trading of FMCG, herbal and ayurvedic products. It was established in 2006 and later converted into a public limited company in 2007. It sells its products under the own brand name of Patanjali. The majority (98.54%) of the company's shareholding is held by Acharya Balkrishna (Managing Director).

**Status of non-cooperation with previous CRA-** Not Available

**Any other information:** Nil

**Rating History for the last three years (including withdrawn and suspended)**

<b>S. No</b>	<b>Current Rating (2022)</b>	<b>Chronology of Rating History for the past 3 years (Rating Assigned and Press Release date) along with outlook/ Watch, if applicable</b>
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**Bank Loan Facilities**

S. No	19 August 2021				07 Jan 2020				14 Aug 2019			
	Facilities	Type	Amt. (Rs. Cr)	Rating	Facilities	Type	Amt. (Rs. Cr)	Rating	Facilities	Type	Amt. (Rs. Cr)	Rating
1	CC/TL	Long Term	12.98	BWR BB-/Stable Issuer Not Cooperating*	CC/TL	Long Term	12.98	BWR BBB-/Stable (CE)	CC /TL	Long Term	20.96	BWR BBB-/Stable (CE)
	WCDL	Short Term	(10.00)	BWR a4 Issuer Not Cooperating*	WCDL	Short Term	(10.00)	BWR A3 (CE)				
	WCDL	Short Term	(10.00)	BWR a4 Issuer Not Cooperating*	<b>06 Apr 2021</b>				CC /TL	Long Term	20.96	; BWR BBB-/Stable (CE) Issuer not Cooperating*
	<b>Total</b>		<b>12.98</b>									
					CC /TL	Long Term	20.96	; BWR BBB-/Stable (CE) Issuer not Cooperating*				

\*Issuer did not Cooperate, based on best available information

**COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Credit Enhancement based on Corporate Guarantee](#)
- [Manufacturing Companies](#)
- [Short-Term Debt](#)
- [What Constitutes Issuer Non Cooperation](#)

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**Atri Papers Private Limited**  
**ANNEXURE I**  
**Details of Bank Facilities rated by BWR**

S. No.	Name of the Lender	Type of Facilities	Long term (Rs. Crs)	Short Term (Rs. Crs)	Total (Rs. Cr)
1.	<b>Yes Bank</b>	<b>Fund Based</b> Cash Credit Term Loans WCDL	10.00 2.92 -	- - (10.00)	<b>12.92</b>
2	<b>Hero Fincorp</b>	<b>Fund Based</b> Term Loan	0.06	-	<b>0.06</b>
<b>Total (Rs. Crs)</b>			<b>12.98</b>	<b>(10.00)</b>	<b>12.98</b>

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