



## Press Release

### Astron Paper & Board Mill Limited

November 14, 2024

#### Ratings

Facilities/ Instruments	Amount (INR crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	62.00	IVR D (IVR D)	IVR BB+/ Stable (IVR double B plus with Stable outlook)	Downgraded	<b>Simple</b>
Short Term Bank Facilities	65.00	IVR D (IVR D)	IVR A4+ (IVR A four plus)	Downgraded	<b>Simple</b>
<b>Total</b>	<b>127.00</b> <b>(INR one hundred twenty seven crores only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

The ratings assigned to the bank facilities of Astron Paper & Board Mill Limited (APBL) considers the common management team and operational & financial linkages between APBL and its group entity, Balaram Papers Private Limited (BPPL). Infomerics has taken a consolidated view of these entities referred together as Astron Group.

The downgrade of the ratings assigned to the bank facilities of APBL is on account of delays in the debt servicing. The ratings derive its strengths from experienced management. The rating strengths are partially offset by deteriorating business risk profile, susceptibility of operating margin due to volatile raw material prices and highly fragmented industry.

#### Key Rating Sensitivities:

#### Upward Factors

- Regularization of debt servicing track record of the facilities availed by the company for a period of 90 days on a continuous basis.



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### Downward Factors

- Not applicable

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced management**

The key promoter directors of Astron Paper & Board Mill Limited, Mr. Kirit Patel and Mr. Ramakant Patel, have five decades of experience in the kraft paper industry. The experience of the management, their strong understanding of local market dynamics, and healthy relations with suppliers and customers will benefit the Astron group going forward, resulting in steady growth in the scale of operations.

#### Key Rating Weaknesses

- **Recent delays in debt servicing obligations**

There have been instances of delays in debt servicing obligations during the recent period owing to liquidity issue.

- **Deteriorating business risk profile**

The revenue of the group witnessed a 2-year degrowth of 39% to Rs.310.79 Cr in FY2024 (refers to the period April 01, 2023 to March 31, 2024) from Rs.512.84 Cr in FY2022(refers to the period April 01, 2021 to March 31, 2022). The decrease in revenue is primarily due to a decline in production, which in turn occurred on account of lower market demand for finished goods i.e. Kraft Paper. Further, there is also decline in exports on the back of Russia-Ukraine war.

Moreover, the group procures ~80-85% of its total wastepaper through imports and the increase in the prices of wastepaper impacted the profitability margins of the group significantly. The group had net loss of Rs.11.21 Cr in FY2024, as the group was unable to pass on increased wastepaper prices to its customers.

- **Susceptibility of operating margin to volatile raw material prices**

The key raw material for kraft paper manufacturing is wastepaper. Availability and prices both are volatile in nature due to the presence of agro-climatic risk and policy changes in international markets.



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- **Highly fragmented industry**

Indian paper board industry is highly fragmented with stiff competition from large number of organized as well as unorganized players. This limits the pricing power of the manufacturers in terms of flexibility to pass on the raw material price fluctuation to its customers. For decades China was the world's largest importer of wastepaper but in July 2017 it announced that it will ban imported waste papers to protect China from becoming world's dumping ground. It resulted in drastic effect on wastepaper prices and average prices of mixed wastepaper slumped on account of an oversupply of wastepaper in the global market and they have been declining till the outbreak of COVID 19 pandemic. Post which same started increasing and are on high level with increase in logistic cost due to non-availability of containers.

**Analytical Approach: Consolidated**

For arriving at the ratings, Infomerics has consolidated the financials of Astron Paper & Board Mill Limited (APBL) and Balaram Papers Private Limited (BPPL) together referred as Astron Group. The consolidation is on account of common management along with operational and financial linkages and cash flow fungibility among the companies. BPPL is a 100 per cent subsidiary of APBL. The list of companies is given in Annexure 2.

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Consolidation of companies](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

**Liquidity – Poor**

The liquidity position of the company remains poor since delays in the debt servicing obligations have been observed recently.

**About the Group**

Ahmedabad (Gujarat) based Astron Paper & Board Mill Limited (APBL) was initially incorporated as a private limited company in December, 2010. Further, in 2017 it changed its constitution from private limited to listed company through shifting on the main board of



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National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). APBL is an ISO 9001:2015 and ISO 14001:2015 certified company operating from its two manufacturing plants located at Halvad, Gujarat and Bhuj, Gujarat with a total installed capacity of 1.80 lacs Metric Tons Per Annum (MTPA) of kraft paper. The company manufactures different varieties of kraft paper ranging from 80 to 350 Grams Per Square Meter (GSM) and Bursting Factor (BF) from 16 to 40. During July, 2018 APBL has acquired Balaram Papers Private Limited (BPPL) as a wholly owned subsidiary. The manufacturing facilities of BPPL is located at Mehsana, Gujarat with an installed capacity of 42000 MTPA.

### About the Company

Incorporated in 2010, Astron Paper & Board Mill Limited (APBL) manufactures different varieties of kraft paper ranging from 80 to 350 Grams Per Square Meter (GSM) and Bursting Factor (BF) from 16 to 40. The manufacturing plants are located at Halvad and Bhuj and the total installed capacity is 1.80 lacs Metric Tons Per Annum (MTPA).

### **Financials: Consolidated**

(Rs. crore)

<b>For the year ended* / As On</b>	<b>31-03-2023</b>	<b>31-03-2024</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	394.73	310.79
EBITDA	-17.53	2.09
PAT	-23.95	-11.21
Total Debt	84.44	82.85
Tangible Net worth	159.06	143.86
EBITDA Margin (%)	-4.44	0.67
PAT Margin (%)	-6.05	-3.60
Overall Gearing Ratio on Net Adjusted Tangible Net Worth (x)	0.53	0.58
Interest Coverage Ratio (x)	-1.60	0.19

*\*Classification as per Infomerics' standards.*

### **Financials: Standalone**

(Rs. crore)

<b>For the year ended* / As On</b>	<b>31-03-2023</b>	<b>31-03-2024</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	394.73	310.76
EBITDA	-14.90	9.96
PAT	-20.70	-8.78
Total Debt	76.26	80.00
Tangible Net worth	160.76	150.98
EBITDA Margin (%)	-3.78	3.21



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For the year ended* / As On	31-03-2023	31-03-2024
PAT Margin (%)	-5.22	-2.81
Overall Gearing Ratio on Net Adjusted Tangible Net Worth (x)	0.47	0.53
Interest Coverage Ratio (x)	-1.51	0.95

\*Classification as per Infomerics' standards.

### Status of non-cooperation with previous CRA:

CARE continued the rating of APBL into the Issuer Non-Cooperating category on account of inadequate information and lack of management cooperation in the rating procedure despite repeated follow ups as per the Press Release dated November 12, 2024.

Any other information: NA

### Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Rating (Year 2024-25)				Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Rating April 05, 2024	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Cash Credit	Long Term	62.00	IVR D	IVR BB+/ Stable	-	-	-
2.	Letter of Credit	Short Term	62.00	IVR D	IVR A4+	-	-	-
3.	Bank Guarantee	Short Term	3.00	IVR D	IVR A4+	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt



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instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit I	-	-	-	-	18.00	IVR D
Cash Credit II	-	-	-	-	10.00	IVR D
Cash Credit III	-	-	-	-	17.00	IVR D
Cash Credit IV	-	-	-	-	7.00	IVR D
Cash Credit V	-	-	-	-	10.00	IVR D
Letter of Credit I	-	-	-	-	11.00	IVR D
Letter of Credit II	-	-	-	-	16.00	IVR D
Letter of Credit III	-	-	-	-	17.00	IVR D
Letter of Credit IV	-	-	-	-	8.00	IVR D
Letter of Credit V	-	-	-	-	10.00	IVR D
Bank Guarantee	-	-	-	-	3.00	IVR D



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### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-AstronPaper-nov24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Name of the Security	Detailed Explanation
<b>Financial Covenant</b>	
i.	
ii.	
<b>Non-financial Covenant</b>	
i.	
ii.	

### Annexure 4: List of companies considered for consolidated analysis:

Name of the Company	Relationship	Shareholding as on March 31, 2024	Consolidation Approach
Astron Paper & Board Mill Limited	-	-	Full Consolidation
Balaram Papers Private Limited	Subsidiary	100%	Full Consolidation

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).