

Ashoka Distillers & Chemicals Private Limited

February 28, 2019

Summary of Rated Instrument:

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based/ CC	8.00	8.00	[ICRA]BBB- (Negative) ISSUER NOT COOPERATING revised from [ICRA]BBB (Stable) ISSUER NOT COOPERATING; Rating continues to remain under 'Issuer Not Cooperating' category'
Long Term - Fund based/ TL	12.35	12.35	[ICRA]BBB- (Negative) ISSUER NOT COOPERATING revised from [ICRA]BBB (Stable) ISSUER NOT COOPERATING; Rating continues to remain under 'Issuer Not Cooperating' category'
Long Term/ Short Term – Unallocated	10.65	10.65	[ICRA]BBB- (Negative)/[ICRA]A3 ISSUER NOT COOPERATING revised from [ICRA]BBB (Stable)/[ICRA]A3+ ISSUER NOT COOPERATING; Rating continues to remain under 'Issuer Not Cooperating' category'
Total	31.00	31.00	

*Issuer did not co-operate; based on best available information.

Rating action

ICRA has revised the ratings to [ICRA]BBB- (Negative)/[ICRA]A3 ISSUER NOT COOPERATING from [ICRA]BBB (Stable)/[ICRA]A3+ ISSUER NOT COOPERATING for the Rs. 31.00-crore bank facilities of Ashoka Distillers & Chemicals Private Limited (ADCPL). The ratings continue to remain under 'Issuer Not Cooperating' category. The rating is now denoted as "[ICRA]BBB- (Negative)/[ICRA]A3 ISSUER NOT COOPERATING"

ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis best available information on the issuers' performance. Accordingly the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Rationale

The ratings downgrade reflects the deterioration in financial profile of the company in FY2018, marked by decline in operating income and profitability resulting in weak profitability indicators and modest debt coverage indicators.

The ratings continue to derive comfort from the long track record and experience of the promoters in the liquor business. The ratings, however, continue to be constrained by intense competition in the IMFL segment with the presence of several large companies and high business risk inherent in the liquor industry owing to high taxes and stringent Government controls and regulations and profitability is vulnerable to variation in prices of grains, which is a seasonal commodity, which affect overall viability.

Analytical approach

ICRA has applied its rating methodologies/policies as indicated below:

Links to applicable criteria:

[Corporate Credit Ratings: A Note on Methodology](#)

[Policy in respect of non-cooperation by the rated entity](#)

About the company:

Established in 1987, Ashoka Distillers & Chemicals Private Limited (ADCPL) is involved in the manufacturing of country liquor, Indian Made Foreign Liquor and ENA. The plant is located at Hatin, Haryana and has an annual capacity to produce 25,000 kilo bulk litres of spirit. The company is also involved in contract bottling arrangements with Pernod Ricard. ADCPL has been promoted by the Ajay Kumar Modi family. Mr Ajay Kumar Modi, who holds a B.Com degree, has prior experience of managing Patiala Distilleries & Manufacturers Limited, Patiala, Punjab.

Key financial indicators

	FY2017	FY2018
Operating Income (Rs. crore)	194.71	181.39
PAT (Rs. crore)	0.02	-0.82
OPBDIT/OI (%)	6.15%	5.08%
RoCE (%)	4.64%	3.25%
Total Debt/TNW (times)	0.75	0.67
Total Debt/OPBDIT (times)	2.93	3.32
Interest Coverage (times)	3.16	3.24

Status of non-cooperation with previous CRA

Not applicable

Any other information

Not applicable

Rating history for last three years

Current Rating (FY2019)					Chronology of Rating History for the past 3 years		
Instrument	Type	Amount		Date & Rating		Date & Rating in	Date & Rating in
		Rated (Rs. crore)	Outstanding (Rs. crore)	February 2019	August 2017	FY2018	FY2017
1	Fund-based limit	20.35		[ICRA]BBB- (Negative) ISSUER NOT COOPERATING	[ICRA]BBB (Stable) ISSUER NOT COOPERATING	-	[ICRA]BBB (Stable)
2	Unallocated limit	10.65		[ICRA]BBB- (Negative)/ [ICRA]A3 ISSUER NOT COOPERATING	[ICRA]BBB (Stable)/ [ICRA]A3+ ISSUER NOT COOPERATING	-	[ICRA]BBB (Stable)/A3+

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1

Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based limit	-	-	-	20.35	[ICRA]BBB- (Negative) ISSUER NOT COOPERATING
NA	Unallocated limit	-	-	-	10.65	[ICRA]BBB- (Negative)/[ICRA]A3 ISSUER NOT COOPERATING

Source: ADCPL

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About ICRA Limited:

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