

Ashoka Kraft Industry LLP

December 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	107.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Ashoka Kraft Industry LLP to monitor the rating(s) vide e-mail communications/letters dated October 06, 2025, October 10, 2025, October 13, 2025 and November 24, 2025 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further Ashoka Kraft Industry LLP has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. The rating on Ashoka Kraft Industry LLP's bank facilities will now be denoted as CARE BB-; Stable; 'ISSUER NOT COOPERATING'.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of lack of clarity on future growth strategy and inability to monitor the performance of the company, which is critical for assessing the credit risk profile of the company. The rating remains constrained by constitution as a limited liability partnership firm, exposing it to risk of capital withdrawal, profitability susceptible to volatile raw materials and finished goods prices, working capital-intensive operations and leveraged capital structure. The rating, however continue to derive comfort from promoters' experience in same line of business, ramp up in scale of operations, captive power plant, availability of subsidies and fiscal incentives and favourable demand supply scenario in North-East India.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on October 29, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Constitution as a limited liability partnership firm, exposing it to risk of capital withdrawal: AKIL's legal status as a partnership firm exposes it to the risk of capital withdrawal by partners. The firm does not have an articulated policy for capital withdrawal. In future too, capital withdrawal will depend on the availability of surplus funds with the firm.

Profitability susceptible to volatile raw materials and finished goods prices: Wastepaper is the main raw material for kraft paper, constituting around 65-70% of cost of sales, followed by power & fuel cost. Wastepaper is procured mostly through domestic sources. Volatility in prices of waste paper will have an impact on profitability margins.

Working capital-intensive operations: The operation of the firm is working capital intensive in view of adequate inventory to be kept and credit period to be given to customers to gain market share. This leads to higher working capital requirement. The working capital requirement of the firm will be mainly financed through bank borrowings and creditors.

Leveraged capital structure: The entity's capital structure continue to be leveraged as marked by an overall gearing of 2.38x as on March, 31, 2025 with high reliance on external debt. Its debt profile largely comprises term debt and working capital borrowing. The total outside liabilities to net worth stood at 2.64x as on March, 31, 2025.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Key strengths

Promoters' experience in same line of business: Partners of AKIL are Delhi-based Brij Bhushan Gupta and Neeraj Jain, Guwahati based Pradeep Gupta, and Suresh Agarwal, having more than a decade of experience in the paper industry. All partners are involved in handling the company's day-to-day affairs with a team of experienced personnel. Partners have experience in setting up and running kraft paper manufacturing units in Kamrup, Assam, under Ashoka Kraft Paper Mills LLP with an installed capacity of 100 TPD.

Ramp up in scale of operations: FY25 was the firm's first full year of operations and was able to generate a TOI of Rs. 167.81 crores in FY25. PBILDT & PAT margin stood healthy at 13.90% and 2.43% in FY25.

Captive power plant: The firm has set up 6MW captive power plant along with 132,000 MTPA kraft paper manufacturing facility in Kamrup, Assam. The firm will captively use 4-4.5MW power for its own requirement and balance would be sold to its group firm, Ashoka Kraft Paper Mills LLP which is located nearby.

Availability of subsidies and fiscal incentives: The project is classified as Mega project by Assam government and is eligible for various subsidies and AKIL is in the process of applying for the same. Such incentives have helped to improve the profitability of the firm and provide it a competitive edge over players who no longer enjoy similar benefits, given that these benefits are available for a limited period only. Capital subsidy from Central government is expected to be Rs.5 crore (one time) and state government to be Rs.10 crore over a period of 5 years. SGST is available for 20 years and IGST for 5 years. Interest subvention is also available to the firm.

Favourable demand supply scenario in North-East India: Kraft paper is used for manufacturing corrugated boxes, mainly used in packaging of fast-moving consumer goods (FMCG), consumer durables, among others. The demand outlook of Indian paperboard market over the medium term remains positive with the increasing demand for branded packaged products, rising income levels, growing consumer base, and increasing proliferation of organised retail. The domestic paperboard industry is mainly based on recovered fibre, old corrugated containers (OCC). In North-East India, there is a supply deficit of kraft paper required by corrugated box manufacturers. Going forward, North-East India will require more corrugated boxes capacity for meeting the growing popularity of ready-to-eat products, increasing focus towards branding and marketing, moving towards better packaging and sustainable packaging. The demand of kraft paper will increase with increasing demand for corrugated boxes and other packaging materials.

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Manufacturing Companies](#)

[Paper & Paper Products](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Forest Materials	Paper, Forest & Jute Products	Paper & Paper Products

Incorporated on October 05, 2018 by Mr. Neeraj Kumar Jain, Mr. Suresh Kumar Agarwal, Mr Brij Bhushan Gupta and Mr Pradeep Kumar Gupta, Ashoka Kraft Industry LLP has set up a 400 TPD Kraft (132,000 tpa) paper manufacturing unit along with Co Generation (CHP) power plant of 9 MW at a project cost of Rs.146.66 crore (increased from 145.7 crore) in Kamalpur, District Kamrup in Assam to be funded at a debt equity of 1.20 times. The partners have experience in setting up and running kraft paper manufacturing units in Kamrup, Assam under Ashoka Kraft Paper Mills LLP (AKPML; rated CRISIL B, Stable; INC) with an installed capacity of 100TPD.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	48.20	167.81
PBILDT	11.30	23.32
PAT	3.95	4.07
Overall gearing (times)	2.81	2.38
Interest coverage (times)	3.00	2.23

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	30.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	30/04/2033	77.50	CARE BB-; Stable; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	77.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (29-Oct-24) 2)CARE BB; Stable (02-Apr-24)	1)CARE BB; Stable (06-Dec-23)	1)CARE BB; Stable (27-Sep-22)
2	Fund-based - LT-Cash Credit	LT	30.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (29-Oct-24) 2)CARE BB; Stable (02-Apr-24)	-	-

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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