



**Press Release**  
**OSTERN PRIVATE LIMITED**  
**December 09, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	56.80	ACUITE BBB   Stable   Reaffirmed	-
Bank Loan Ratings	3.20	-	ACUITE A2   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	60.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and the short-term rating of '**ACUITE A2**' (read as **ACUITE A Two**) on the Rs. 60.00 crore bank facilities of Ostern Private Limited (OPL). The outlook is '**Stable**'.

**Rationale for Rating**

The rating reaffirmation factors in the moderation in OPL's operating and financial performance, despite an improvement in profitability margins driven by backward integration. The rating continues to factor in experienced management and long operational track record of the company along with moderate financial risk profile and adequate liquidity. However, the rating continues to be constrained by moderately intensive working capital operations and susceptibility of profitability to volatility in raw material prices and intense competition on in the industry.

**About the Company**

Incorporated in 1978, Ostern Private Limited (OPL) is a Kolkata-based company promoted by Mr. Jagdish Agarwal and Mr. Vishesh Agarwal. The company is engaged in the manufacturing of writing instruments such as ball pens, gel pens, makers, and highlighters, among others, with an installed capacity of 25 lakh pieces per day. OPL is an ISO 9001:2008 certified company, with its manufacturing facility located in Kolkata.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of OPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

Experienced management and a long track record of operation

The promoters, Mr. Jagadish Agarwal and Mr. Vishesh Agarwal, have more than two decades of experience in the pen manufacturing industry. The long track record of operations has helped the company build long-term relationships with customers as well as with suppliers, resulting in growth in operations.

### **Moderation in operating performance**

OPL's operating revenue declined to Rs.152.74 crore in FY2025 from Rs.168.46 crore in FY2024, primarily due to weak market conditions, which also led to a moderate drop in capacity utilization. Despite the revenue moderation, profitability improved with EBITDA margin increasing to 8.69 per cent in FY2025 from 8.31 per cent in FY2024, driven by backward integration through in-house product assembly, reducing costs and import duties. PAT margin, however, moderated to 3.74 per cent from 3.94 per cent in FY2024 owing to higher interest costs. For H1FY2026, the company reported revenue of Rs.65 crore and expects to close the year at levels similar to FY2025. Acuite believes, the operating performance of the company would remain moderate over the medium term due to challenging industry conditions.

### **Moderate financial risk profile**

The company's financial risk profile remains moderate, supported by an improvement in net worth, comfortable gearing, and adequate debt protection metrics. Net worth increased to Rs.36.47 crore as on March 31, 2025 as compared to Rs.30.77 crore as on March 31, 2024, primarily driven by profit accretion to reserves. Gearing (debt to equity ratio) remained comfortable at 1.29 times in FY2025 compared to 1.37 times in FY2024. Debt protection indicators, however, witnessed moderation, with interest coverage ratio (ICR) stood at 4.07 times in FY2025 as compared to 5.30 times in FY2024, and debt service coverage ratio (DSCR) to 1.89 times as compared to 2.74 times in FY2024. This moderation was largely on account of higher debt levels on the back of capacity expansion from 20 lakh units per day to 25 lakh units per day, resulting in increased interest costs. The TOL/TNW ratio improved to 1.88 times in FY2025 from 2.11 times in FY2024, while Debt-to EBITDA stood at 3.47 times in FY2025 against 2.82 times in FY2024. Acuite believes, the financial risk profile of the company would remain moderate on account of modest net worth base.

### **Weaknesses**

#### **Moderately intensive working capital operations**

The company's operations remained moderately intensive, with gross current asset (GCA) at 150 days in FY2025 compared to 134 days in FY2024. OPL maintains an order backlog of 4–5 months, with each order typically taking around three months to fulfill and export. Payments are generally received within 30–45 days post-billing, with most orders being prepaid. Debtor days stood at 36 days in FY2025 against 33 days in FY2024, while inventory days increased to 102 days from 85 days during the same period. Creditor days remained stable at 42 days in FY2025 compared to 44 days in FY2024. Working capital requirements are funded through bank lines, with average utilization at a moderate level of 83.84 per cent for the seven months ended October 2025. Acuite believes that the operations of the company would remain moderately working capital intensive on the back of higher inventory levels.

#### **Exposure to volatility in raw material prices and intense competition**

The company operates in a highly fragmented Indian stationery industry, which is characterized by intense competition, limited pricing power, and the presence of numerous unorganised players in the given segment in both domestic and international markets. As a result of stiff competition from other players in the market, the pricing power of entities remains limited. Raw material costs form a significant part of production, making margins vulnerable to price volatility in key inputs like tips, polymers, and ink.

### **Rating Sensitivities**

- Consistent Revenue growth while maintaining the operating margins.
- Deterioration in working capital cycle.
- Changes in financial risk profile.

## **Liquidity Position**

### **Adequate**

The company has an adequate liquidity position marked by comfortable net cash accruals against its maturing debt obligations. The company generated cash accruals of Rs.8.29 crore in FY2025 against maturing debt obligation of Rs.2.77 crore for the same period. The cash accruals are estimated to be in the range of Rs.8.70 – 9.70 crore against its maturing debt obligation in the range of Rs.2.40 – 3.91 crore for the period FY2026-FY2027. The company maintains unencumbered cash and bank balances of Rs.0.07 crore in FY2025. The current ratio of the company stood at 1.23 times as on March 31, 2025. The average utilization of bank facilities stood at 83.84 per cent for 7 months ended October 2025.

### **Outlook: Stable**

**Other Factors affecting Rating**  
None

## Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	152.74	168.46
PAT	Rs. Cr.	5.71	6.63
PAT Margin	(%)	3.74	3.94
Total Debt/Tangible Net Worth	Times	1.29	1.37
PBDIT/Interest	Times	4.07	5.30

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Sep 2024	Letter of Credit	Short Term	2.70	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	0.50	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	18.00	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	17.15	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	9.00	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	9.00	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.65	ACUITE BBB   Stable (Reaffirmed)
13 Jun 2023	Bank Guarantee/Letter of Guarantee	Short Term	0.50	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	2.70	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	17.15	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.65	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	9.00	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	9.00	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	18.00	ACUITE BBB   Stable (Reaffirmed)
21 Mar 2022	Letter of Credit	Short Term	1.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	1.50	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	0.50	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	1.00	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	0.55	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	1.70	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	4.80	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	5.20	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	11.95	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	4.80	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	17.88	ACUITE BBB   Stable (Reaffirmed)
	Working Capital Demand Loan	Long		ACUITE BBB   Stable

	(WCDL)	Term	0.60	(Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	2.20	ACUITE BBB   Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	1.32	ACUITE BBB   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank Of Baroda	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE A2   Reaffirmed
Bank Of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.15	Simple	ACUITE BBB   Stable   Reaffirmed
ICICI BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BBB   Stable   Reaffirmed
Bank Of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.70	Simple	ACUITE A2   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.65	Simple	ACUITE BBB   Stable   Reaffirmed
Bank Of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2029	9.00	Simple	ACUITE BBB   Stable   Reaffirmed
ICICI BANK LIMITED	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2029	9.00	Simple	ACUITE BBB   Stable   Reaffirmed



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### About Acuité Ratings & Research

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