

Press Release

Opal Asia India Private Limited

August 24, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.50 Cr.
Long Term Rating	SMERA BB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (read as SMERA BB) on the Rs. 8.50 crore bank facilities of Opal Asia India Private Limited. The outlook is 'Stable'.

The Mumbai-based Opal Asia India Private Limited (OAIPL) is a Non-Vessel Operating Common Carrier (NVOCC). The company, established by Mr. Ajith Menon, is engaged in the repair, maintenance and transport of containers. It commenced operations in January 16, 2009.

Key Rating Drivers

Strengths

- Experienced management and pan India presence**

OAIPL was incorporated in 2007 and commenced operations in January 2009. The company led by Mr. Ajith Menon has a pan India presence with operations across over 20 locations including Nhavasheva, Mundra, Mangalore, Cochin to name a few. The promoter has over a decade of experience in shipping and logistics.

- Healthy revenue growth**

OAIPL booked revenue of Rs. 67.65 crore in FY2016 compared to Rs. 39.89 crore in FY2015. Further in FY2017 (Provisional) the company booked revenue of Rs. 108.53 crore. The increase in revenue in FY2017 is mainly due to increased income from container repairs, cleaning and storage. The revenues of OAIPL have grown at a CAGR of 65 percent from FY2014 to FY2017 (Provisional).

- Reputed clientele**

OAIPL provides various services including conducting of surveys, container repair and maintenance among others. The company has established healthy relations with its reputed clientele including Maersk Line, Textainer Mediterranean Shipping Company, American President Lines to name a few.

Weaknesses

- Moderate financial risk profile**

The financial risk profile is moderate marked by low net worth of Rs. 6.53 crore in FY2017 (Provisional) compared to Rs. 2.90 crore as on 31 March, 2016. The gearing stood high at 3.50 times as on 31 March, 2017 (Provisional) compared to 4.86 times as on 31 March, 2016. The Interest Coverage Ratio (ICR) stood at 3.91 times in FY2017 (Provisional) compared to 3.25 times in FY2016. The DSCR stood at 2.05 times in FY2017 (Provisional) compared to 1.48 times in FY2016. SMERA expects the financial risk profile to improve marginally in the medium term on account of repayment of term loans and increase in net worth by ploughing back of profits.

- Competitive and fragmented industry**

OAIPL operates in a highly fragmented industry with limited entry barriers wherein the presence of a large number of players in the unorganised sector limits the bargaining power with customers.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of the company.

Outlook: Stable

SMERA believes that OAIPL will maintain a stable outlook and continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case of improvement in its scale of operations while achieving healthy profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial risk profile.

About the Rated Entity - Key Financials

Opal Asia India Private Limited (OAIPL) reported profit after tax PAT of Rs.3.79 crore on net sales of Rs. 108.53 crore in FY2017 (Provisional) as against PAT of Rs. 0.36 crore on net sales of Rs. 67.55 crore in FY2016. The net worth stands at Rs. 6.53 crore as on 31 March, 2017 (Provisional) compared to Rs. 2.90 crore as on 31 March,2016.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.50	SMERA BB / Stable

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ABOUT SMERA

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