

Press Release

Opal Asia India Private Limited

27 March, 2018



Rating Reaffirmed and Assigned

Total Bank Facilities Rated*	Rs. 12.50 Cr. (Enhanced from Rs. 8.50 Cr.)
Long Term Rating	SMERA BB/Outlook: Stable

**Refer annexure for details*

SMERA has reaffirmed the long term rating of '**SMERA BB**' (read as **SMERA double B**) on the Rs. 8.50 crore bank facilities and assigned long term rating of '**SMERA BB**' (read as **SMERA double B**) on the Rs. 4.00 crore bank facilities of Opal Asia India Private Limited (OAIPL). The outlook is '**Stable**'.

The Mumbai-based OAIPL, incorporated in 2007 undertakes repair & maintenance, survey and fabrication of containers. It also deals in trading of flexi bags.

Key rating drivers

Strengths

Experienced management

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

Healthy growth in revenue and profitability margins

The revenue of OAIPL improved to Rs 112.90 crore in FY2017 from Rs 67.65 crore in FY2016. The increase in revenue in FY2017 is mainly due to increased income from container repairs, cleaning and storage. The operating margins improved to 7.39 percent in FY2017 from 5.92 percent in FY2016.

Reputed clientele, plethora of services

OAIPL offers a range of services including container repair and maintenance, container survey, transportation and trading of flexi bags. The company has established healthy relations with reputed clients such as Maersk Line, Textainer, Mediterranean Shipping Company to name a few.

Weaknesses

Average financial risk profile marked by high dependence on external debt

OAIPL has average financial risk profile marked by tangible net worth of Rs. 5.90 crore as on 31 March, 2017 as against Rs. 2.90 crore as on 31 March, 2016. The gearing stood at high 4.08 times as on 31 March, 2017 which improved from 5.17 times as on 31 March, 2016. The debt of Rs. 24.05 crore mainly consists of term loans of Rs. 11.97 crore, unsecured loans of Rs. 2.03 crore and working capital borrowing of Rs. 10.05 crore as on 31 March 2017. The Interest Coverage Ratio (ICR) stood at 2.67 times for FY2017 as against 3.25 times in FY2016. The Debt Service Coverage Ratio (DSCR) stood at 1.53 times for FY2017 compared to 1.48 times in FY2016. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 7.11 times as on 31 March, 2017 as against 10.63 times as on 31 March, 2016.

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 profiles of OAIPL to arrive at the rating.

Outlook – Stable

SMERA believes that OAIPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenue while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue, profit margins, or deterioration in the financial risk profile and liquidity position

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	112.90	67.65	39.89
EBITDA	Rs. Cr.	8.34	4.01	1.88
PAT	Rs. Cr.	2.03	0.39	0.20
EBITDA Margin	(%)	7.39	5.92	4.71
PAT Margin	(%)	1.80	0.58	0.50
ROCE	(%)	26.93	20.32	14.82
Total Debt/Tangible Net Worth	Times	4.08	5.17	3.67
PBDIT/Interest	Times	2.67	3.25	2.12
Total Debt/PBDIT	Times	2.83	3.64	4.52
Gross Current Assets (Days)	Days	94	113	112

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

None

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities in service 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)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
24-Aug-2017	Cash Credit	Long Term	8.50	SMERA BB / Stable (Assigned)

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.50	SMERA BB/Stable (Reaffirmed)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA BB/Stable (Assigned)

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ABOUT SMERA

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