

Press Release

Omega Printopack Private Limited (OPPL)

August 02, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.89 Cr.
Long Term Rating	ACUITE BB/Stable
Short Term Rating	ACUITE A4+

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 8.89 crore bank facilities of Omega Printopack Private Limited. The outlook is '**Stable**'.

Omega Printopack Private Limited (OPPL) was incorporated in the year of 2010 by Mr. Sandeep Kumar Jain, Ms. Reena Jain and Mr. Akshat Jain. The company is engaged in manufacturing of duplex board, printed carton, and corrugated box. Its manufacturing facility located at Haridwar (Uttarakhand). Company majorly caters to the pharmaceuticals industry of around 75 per cent and rest to the electrical industry.

Key Rating Drivers

Strengths

Experienced management

OPPL has been in operations since 2010. The director of the OPPL, Mr. Sandeep Kumar Jain, Ms. Reena Jain and Mr. Akshat Jain has more than a decade of experience in paper and packaging industry.

Average financial risk profile

The average financial risk profile of the company is marked by moderate Networth, moderate gearing and healthy debt protection metrics. The net worth of the company stood moderate at Rs.7.61 crore in FY2018 (Prov.) as compared to Rs.5.85 crore in FY2017, mainly on account of retention of current year profit. The gearing of the company stood moderate at 1.29 times in FY2018 (Prov.) as compared to 1.04 times in FY2017. The total debt of Rs.9.83 crore consists of long-term debt of Rs.5.50, unsecured loan from promoters of Rs.0.83 crore and short term debt of Rs.3.50 crore. The interest coverage ratio (ICR) of the company stood comfortable at 4.06 times in FY2018 (Prov.) as compared to 4.67 times in FY2017. The debt service coverage ratio (DSCR) of the company stood comfortable at 1.32 times in FY2018 (Prov.) as compared to 1.89 times in FY2017. The net cash accruals against the total debt stand comfortable at 0.24 times in FY2018 (Prov.) compared to 0.38 times in FY2017.

Weaknesses

Moderate scale of operation:

The scale of operation stood moderate at Rs.27.69 crore in FY2018 (Prov.) as compared to Rs.29.64 crore in FY2017.

Working capital intensive nature of operation

The working capital intensive nature of operations is marked by high gross current asset days of 177 days in FY2018 (Prov.) as compared to 135 days in FY2017. The inventory days are moderate at 45 days in FY2018 (Prov.) as compared to 40 days in FY2017. The debtor days stand high at 106 days in FY2018 (Prov.) and 91 days in FY2017 respectively. The high debtor days are mainly on account of late realization from the customers.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

ACUITÉ believes OPPL will maintain a stable outlook in the medium term owing to its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenues and cash accruals while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or deterioration of the capital structure and any deterioration in working capital management.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	27.69	29.64	21.83
EBITDA	Rs. Cr.	3.73	3.58	2.84
PAT	Rs. Cr.	1.76	1.57	1.25
EBITDA Margin	(%)	13.46	12.09	13.00
PAT Margin	(%)	6.36	5.31	5.74
ROCE	(%)	21.32	22.25	38.17
Total Debt/Tangible Net Worth	Times	1.29	1.04	1.51
PBDIT/Interest	Times	4.06	4.67	4.12
Total Debt/PBDIT	Times	2.55	1.82	2.27
Gross Current Assets (Days)	Days	177	135	157

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>
- Manufacturing Entities – <https://www.acuite.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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
Term Loan	Not Applicable	Not Applicable	Not Applicable	3.89	ACUITE BB/Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE BB/Stable (Assigned)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A4+/Stable (Assigned)

Contacts

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