

Press Release

Orient Pack-N-Print

August 08, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 5.00 Cr.
Long Term Rating	ACUITE BBB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BBB-**' (read as **ACUITE BBB minus**) on the Rs. 5.00 crore bank facilities of Orient Pack-N-Print. The outlook is '**Stable**'.

Orient Pack-N-Print was established in the year 1983 as a partnership concern by Indore-based Badjatia family. The day to day activities of the company is managed by Mr. Prem Chandra Badjatia, Mr. Sharad Kumar Jain, Mr. Hemant Badjatia and Mr. Arvind Badjatia. The firm is engaged in the business of printing of leaflets for pharmaceutical companies. The firm generally manufactures multicolored leaflets on varied paper thickness ranging from 28 GSM to 70 GSM, depending upon the company's requirement. The firm purchases its raw materials such as paper, ink and chemicals from ITC Ltd and Technova Imaging Systems Private Limited. Currently the firm is catering to the states of Himachal Pradesh, Uttar Pradesh, Telangana, Karnataka, Maharashtra, and Madhya Pradesh.

Key Rating Drivers

Strengths

- **Long track record of operations**

Orient Pack-N-Print (OPNP) was established in the year 1983 as a partnership firm by Indore-based Badjatia family. The promoters of the firm are having experience of more than three decades in the same line of business.

- **Healthy profitability margin**

OPNP reported operating margin of 24.34 percent (Provisional) in FY2018 as against 21.30 percent in FY2017. The increase was on account of decrease in raw material cost. The PAT (profit after tax) margins have improved to 10.14 percent (Provisional) in FY2018 compared to 8.17 percent in FY2017. This is on account of company's policy to deal with reputed clientele.

- **Comfortable financial risk profile**

OPNP has comfortable financial risk profile marked by comfortable net worth, low gearing and comfortable debt protection measures. The net worth of the company stood at Rs.20.85 crore as on 31st March 2018 (Prov) as against Rs.15.95 crore in the previous year. The gearing (debt to equity ratio) stood at 0.30 times (Provisional) as on March 31, 2018 compared to 0.29 times in the previous year. The interest coverage ratio (ICR) stood at 12.14 times (Provisional) as on March 31, 2018 as against 7.21 times in the previous year. The NCA/TD ratio stood at 0.84 (Provisional) as on March 31, 2018 as against 0.87 times in the previous year.

- **Reputed clientele base and wide geographical risk**

OPNP is catering to reputed clients such as Sun Pharmaceutical Industries Limited, Ajanta Pharma Limited, Dr. Reddy's Laboratories Limited, Intas Pharmaceuticals Limited, IPCA Laboratories Limited, Mylan Laboratories Limited, Piramal Enterprises Limited, Torrent Pharmaceuticals Limited. Further the firm is catering to the states of Himachal Pradesh, Uttar Pradesh, Telangana, Karnataka, Maharashtra, and Madhya Pradesh.

Weaknesses

- **Modest scale of operations**

The firm has reported operating income of Rs.27.88 crore (Provisional) for FY 2018 as compared to

Rs.25.48 crore in the previous year in spite of being in operation for more than three decades. Acuité believes the ability of the company to increase scale of operations while sustaining its profitability margins will remain a key monitorable.

• **Working capital intensive nature of operations**

OPNP's operations are working capital intensive in nature which is marked by gross current assets (GCA) of 136 days (Provisional) for FY2018 as against 108 days during FY2017. The high GCA days is on account of stretched debtor days of 92 days (Provisional) as on 31 March 2018 as against 81 days in the previous year.

• **Vulnerability of margins to fluctuations of raw material prices**

The firm purchases paper, ink and chemicals as raw materials which constitutes about ~49 percent of the total sales, so increase or decrease in the raw material prices affects the profitability margins of the firm.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the firm for arriving at the rating.

Outlook: Stable

Acuité believes OPNP will maintain stable business risk profile over the medium term on account of its established track record of operations and healthy profitability margins. The outlook may be revised to 'Positive' in case the company registers significant growth in revenue and profitability while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case the company registers deterioration in its liquidity profile or financial risk profile due to major debt funded capex plan or higher than expected working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	27.88	25.48	23.18
EBITDA	Rs. Cr.	6.79	5.43	5.83
PAT	Rs. Cr.	2.83	2.08	1.38
EBITDA Margin	(%)	24.34	21.30	25.15
PAT Margin	(%)	10.14	8.17	5.98
ROCE	(%)	18.29	17.08	14.71
Total Debt/Tangible Net Worth	Times	0.30	0.29	0.76
PBDIT/Interest	Times	12.14	7.21	4.71
Total Debt/PBDIT	Times	0.92	0.84	1.56
Gross Current Assets (Days)	Days	136	108	125

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE BBB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.11	ACUITE BBB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.89	ACUITE BBB- / Stable

Includes sublimit of ODBD of Rs.1.00 crore and Bank Guarantee of Rs.0.50 crore.

Contacts

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About Acuité Ratings & Research:

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