

Orient Press Limited (Revised)

March 22, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	27.69 (Reduced from 28.70)	CARE BB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	14.50	CARE BB+; Stable / CARE A4+	Reaffirmed
Short Term Bank Facilities	19.50	CARE A4+	Reaffirmed
Fixed Deposit	8.00	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities and the fixed deposits of Orient Press Ltd (OPL) considers the experience of its promoters, long established relationship with its clients.

The rating strengths are constrained by its moderate scale of operations, exposure to volatility in raw material prices, continuing losses with weak debt service coverage indicators, working capital intensive nature of operations, sensitivity to any adverse government regulations for flexible packaging (plastic) industry, and high competition in the industry. CARE notes that during FY23 the PBILDT margin has recovered to ~3% and the same has been maintained during 9MF24. The company's ability to increase its scale of operations, improve its profit margins and efficient working capital management would be the key factors to be monitored.

Rating sensitivities: Factors likely to lead to rating actions
Positive factors

- Improvement in scale of operations above Rs 190 crores with PBILDT margin of 6%
- Improvement in operating cycle below 90 days on sustained basis

Negative factors

- Further decline in scale of operations with continuing cash losses
- Overall gearing deteriorating beyond 1.2x on a sustained basis
- Further deterioration in operating cycle beyond current level

Analytical approach: Standalone

Outlook: Stable

CARE edge believes that OPL would continue to benefit from its established position in printing and packaging segment and revival of the printing and packaging industry post Covid-19.

Detailed description of the key rating drivers:
Key weaknesses
Moderate scale of operations

During FY23 OPL reported revenue of Rs 172 crores as compared to Rs 162 crores in FY22 i.e a marginal growth of ~6%. Further, in 9MFY24 OPL reported revenue of Rs 122 crores. OPL operates in 3 segments, namely printing, flexible packaging and paper boards. The printing and flexible packaging segment contributes ~30% and ~58% of the total revenue respectively. In an intensely competitive and largely unorganized market, OPL's scale of operations continues to remain moderate. Moderate size of OPL may restrict it in making timely revision of product prices as these companies are generally price takers in the market, and thus any revision in price can be done only after the market leaders revise their product prices.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Continuing PAT losses with improvement in operating profit during FY23 and 9MFY24

During FY23 the PBILDT margin improved to 3.03% owing to marginal increase in revenue and reduction in material cost. The PBILDT margin continued to be ~3% in 9MFY24. However, the company continue to post losses at the PAT level. The paper board packaging segment reported profits in 9MFY24 on account addition of paper bags in its product portfolio which has a increasing demand in export and domestic market. The segment wise PBIT is as follows .

(Rs crores)

PBIT	31-03-2021	31-03-2022	31-03-2023	9MFY24
Printing	4.87	8.99	11.88	8.56
Flexible Packaging	-1.22	-7.38	-7.74	-6.4
Paper board packaging	-1.54	-2.42	-0.67	1.07
Total	2.11	-0.81	3.47	3.23

Deterioration in overall gearing and strained debt coverage indicators

Overall gearing deteriorated to 1.05x (PY:0.82x) as on March 31,2023 on account increase in debt and continued PAT losses over the years which have affected company's net worth. The debt increased owing to the increase term loan and promoter debt. The working capital debt was consistent with that of FY22. The debt coverage indicators continue to remain strained on account of PAT losses and negative cash accruals. Comfort can be derived from the fact that the promoters have supported the entity by way of infusing funds in form of promoter debt. In FY23, loans from the promoters and related parties stood at Rs 21.69 crores (PY: Rs 13.66 crores) . Further, in FY22 land parcel was liquidated for Rs 6.50 crores to support OPL's liquidity.

Working capital intensive in nature

The company's operations are working capital intensive, and it remained stretched at 168 days in FY22 (PY: 161 days). The average fund-based utilization stood at around 88% for the trailing twelve months ending February 2024.

Profitability susceptible to foreign exchange and raw material volatility

One of the major raw materials for the company is polymer granules which are derivatives of crude oil. OPL imports ~60% of its polymer granules requirement. The said import exposes operating margins to losses on account of foreign exchange fluctuations. The said risk is mitigated to major extent as OPL is net exporter of goods and has been able to report foreign exchange gain over the years. Further, the presence of large numbers of players in the flexible packaging industry passing on raw material price hike becomes difficult resulting into lag in the price revisions when the input prices are on rising trend. The said lag in price revision impacts operating profit margins.

Exposure to regulatory risk in flexible packaging division

Complexities involved in recycling of Multilayer plastics used in packing the processed foods as well as other FMCG products make them one of the major sources of soil and water pollution. Increasing level of soil and water pollution has led to growing environmental concerns, especially in countries like India, which is one of the fastest growing markets for plastic packaging. This exposes the companies in flexible packaging industry to high regulatory risk. Nevertheless, growing population and increasing demand of processed foods augurs well for the players in the packaging industry. Moreover, high durability, flexibility, and cost effectiveness of flexible packaging make them as a preferred choice for various user industries ranging from Food and beverages, healthcare, cosmetics, transportation etc. Hence, owing to growing demand from user industries the flexible packaging growth is expected to remain healthy over a medium term. However, leaders in the industry will be better placed to adopt changing environment regulations with their innovative biodegradable solutions and recyclable products.

Key Strengths

Extensive experience of the promoters in the industry

OPL is managed by its founding promoters Mr. Ramvilas Maheshwari (Chairman and Managing Director) and Rajaram Maheshwari (Executive director) each having around four decades in the industry. The directors are assisted by a team of experienced professionals.

Liquidity: Stretched

The liquidity is stretched in nature on account of continued cash losses till FY23. However, the liquidity and repayment obligations are supported by regular funding by promoters. The utilisation of its fund-based limit of Rs 36 crores was as high as ~88% for the twelve months ended February 2024. OPL has term loan repayments of ~Rs 1 crores , ~Rs 2 crores and ~Rs 2.30 crores in FY24, FY25 and FY26 respectively. Further, as on March 31,2023 the free cash and bank balance was 0.19 crores and the margin money was Rs 2.19 crores

Environment, social, and governance (ESG) risks : Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Media, Entertainment & Publication	Printing & Publication	Printing & Publication

Incorporated on January 02, 1987 as a private limited company, Orient Press Limited (OPL) is promoted by the Maheshwari family - Mr. R. V. Maheshwari and Mr. R. R. Maheshwari. The company is engaged in the segments of packaging and printing. Under packaging, the company manufactures flexible packaging material of multi-layer film laminates and paper board cartons; while under its Printing segment, it is involved in several activities such as printing of capital market stationeries like IPO offer documents, RHPs etc.; commercial printing such as text books, annual reports, diaries etc., and security printing like MICR cheques, dividend warrants, etc. OPL has manufacturing facilities at Tarapur in Maharashtra, Silvassa in Union Territory of D adra & Nagar Haveli, and Noida in Uttar Pradesh.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24 (UA)
Total operating income	160.76	172.01	122.85
PBILDT	1.40	5.21	3.90
PAT	-3.60	-3.39	-
Overall gearing (times)	0.82	1.05	-
Interest coverage (times)	0.22	0.70	-

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fixed Deposit		-	-	-	8.00	CARE BB+; Stable
Fund-based - LT-Cash Credit		-	-	-	21.50	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	31-07-2023	6.19	CARE BB+; Stable
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	14.50	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-BG/LC		-	-	-	19.50	CARE A4+

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	6.19	CARE BB+; Stable	1)CARE BB+; Stable (05-Apr-23)	1)CARE BB+; Stable (09-Mar-23) 2)CARE BB+; Stable (22-Nov-22)	1)CARE BBB-; Negative (22-Feb-22)	1)CARE BBB-; Stable (01-Mar-21) 2)CARE BBB-; Stable (23-Feb-21)
2	Fund-based - LT-Cash Credit	LT	21.50	CARE BB+; Stable	1)CARE BB+; Stable (05-Apr-23)	1)CARE BB+; Stable (09-Mar-23) 2)CARE BB+; Stable (22-Nov-22)	1)CARE BBB-; Negative (22-Feb-22)	1)CARE BBB-; Stable (01-Mar-21) 2)CARE BBB-; Stable (23-Feb-21)

3	Fund-based - LT/ST-CC/Packing Credit	LT/ST	14.50	CARE BB+; Stable / CARE A4+	1)CARE BB+; Stable / CARE A4+ (05-Apr-23) 2)CARE BB+; Stable / CARE A4+ (22-Nov-22)	1)CARE BB+; Stable / CARE A4+ (09-Mar-23) 2)CARE BB+; Stable / CARE A4+ (22-Nov-22)	1)CARE BBB-; Negative / CARE A3 (22-Feb-22) 2)CARE BBB-; Stable / CARE A3 (23-Feb-21)	1)CARE BBB-; Stable / CARE A3 (01-Mar-21) 2)CARE BBB-; Stable / CARE A3 (23-Feb-21)
4	Non-fund-based - ST-BG/LC	ST	19.50	CARE A4+	1)CARE A4+ (05-Apr-23) 2)CARE A4+ (22-Nov-22)	1)CARE A4+ (09-Mar-23) 2)CARE A4+ (22-Nov-22)	1)CARE A3 (22-Feb-22) 2)CARE A3 (23-Feb-21)	1)CARE A3 (01-Mar-21) 2)CARE A3 (23-Feb-21)
5	Fixed Deposit	LT	8.00	CARE BB+; Stable	-	1)CARE BB+; Stable (09-Mar-23) 2)CARE BB+; Stable (22-Nov-22) 3)CARE BBB-; Negative (22-Jun-22)	1)CARE BBB- (FD); Negative (22-Feb-22) 2)CARE BBB- (FD); Stable (23-Feb-21)	1)CARE BBB- (FD); Stable (01-Mar-21) 2)CARE BBB- (FD); Stable (23-Feb-21)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fixed Deposit	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Fund-based - LT/ ST-CC/Packing Credit	Simple
5	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact	Analytical Contacts
<p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 91 22 6754 3444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Sudarshan Shreenivas Director CARE Ratings Limited Phone: 912267543566 E-mail: sudarshan.shreenivas@careedge.in</p> <p>Arunava Paul Associate Director CARE Ratings Limited Phone: 912267543667 E-mail: arunava.paul@careedge.in</p> <p>Akshay Paradkar Lead Analyst CARE Ratings Limited E-mail: Akshay.Paradkar@careedge.in</p>

About us:

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