Orient Press Limited

March 21,2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	26.09	CARE BB; Stable	Downgraded from CARE BB+; Stable
Long Term / Short Term Bank Facilities	14.50	CARE BB; Stable / CARE A4	Downgraded from CARE BB+; Stable / CARE A4+
Short Term Bank Facilities	19.50	CARE A4	Downgraded from CARE A4+
Fixed Deposit	8.00	CARE BB; Stable	Downgraded from CARE BB+; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings downgrade reflects stretched liquidity and persistence of PAT losses reported by Orient Press Limited (OPL). In FY24 (refers to the period from April 01 to March 31) the scale of operations were steady at Rs 170.70 crores with narrowing of PAT losses to Rs 1.06 crores as against of PAT losses of Rs 3.39 crores. However, in 9MFY25 the PAT losses again widened to ~Rs 2.20 crores. The financial profile of the company also continues to be leveraged owing to high reliance on working capital facility and decreasing net-worth. As on March 31,2024 the company reported overall gearing of 1.17x, Total Debt/GCA of 24.88x and interest coverage of 1x. The ratings are also constrained on account of moderate scale of operations, exposure to volatility in raw material prices and packing industry being highly competitive and regulated.

However the ratings continue to derive strength from experience promoters, long established relationship with its clients and demonstrated track record of promoters of infusing funds.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations above Rs 190 crores while sustaining PBILDT margin above 4% on a sustained basis
- Improvement in operating cycle below 90 days on sustained basis

Negative factors

- Further decline in scale of operations with cash losses
- Deterioration in operating cycle beyond 200 days
- Further weakening of capital structure with overall gearing above 1.5x on a sustained basis

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings' expectations that OPL will continue to benefit from its established position in printing and packaging segment

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations with persistent PAT Losses

In FY24 OPL reported steady revenue of Rs 170.70 crores as compared to Rs 172.01 crores in FY23.However, in 9MFY25 the revenue declined by ~12% on y-o-y basis to ~Rs 107 on account of decline in its sales realisations owing to softening of raw material prices. OPL operates in 3 segments namely printing (~41% of revenue), flexible packaging (~47% of revenue) and paper boards (~12% of revenue). Moderate size of OPL restricts it in making timely revision of product prices and thus any revision in price can be done only after the market leaders revise their product prices. In FY24 the PAT losses were to the tune of Rs 1.06 crores as against of PAT losses of Rs 3.39 crores and in 9MFY25 the PAT losses again widened to ~Rs 2.20 crores.

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

The losses reported by the company are mainly on account its loss making flexible packaging segment and high interest cost due to reliance on working capital facility. The company encounters losses in the flexible packaging segment owing to the pricing pressure and the said segment is currently operating below break even point. However, The PBILDT margin continued to be consistent at ~3% in 9MFY25 and FY24.

Working capital intensive nature of business
OPL's operating cycle was consistent at 170 days in FY24 (168 days in FY23). The stretched operating cycle is mainly attributed to significant inventory of raw materials (Polymer Granules, inks, various grades of paper etc.) required for production. Polymer Granules are crude oil derivatives and thus their prices are inherently volatile. Thus, OPL maintains significant inventory of raw materials to mitigate the risk of raw material price fluctuations. Inventory days in FY24 were 170 days (PY:169 days).

Leveraged financial profile with strained debt coverage indicators
The financial profile of the company also continues to be leveraged owing to high reliance on working capital facility and decreasing net-worth. As on March 31,2024 the company reported overall gearing of 1.17x, Total Debt/GCA of 24.88x and interest coverage of 1x.

Profitability susceptible to raw material volatility, fluctuation in foreign exchange and exposure to regulatory risk in flexible packaging division
OPL's major raw materials are polymers granules which are derivatives of crude oil. Moreover, owing to 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. Further, the operating margins are also exposed to the losses on account of foreign exchange fluctuations. However as OPL is net exporter of goods it has been able to report foreign exchange gain over the years.
OPL also faces regulation risk in the packaging segment as complexities involved in recycling of multilayer plastics used in packing the processed foods as well as other FMCG products makes them one of the major sources of soil and water pollution. Increasing level of soil and water pollution has led to growing environmental concerns. This exposes the companies in flexible packaging industry to high regulatory risk. Owing to growing demand from end-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

Experienced promoters with long established relationship with its clients
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. Further, with their extensive experience they have been able to get steady orders from its clients in the printing segment which has been profitable over the years.

Demonstrated track record of promoters of infusing funds.
The promoters have proven track record of infusion of funds. As on March 31,2024 the promoter debt was 13.68 crores and the same was moreover same at Rs 12.08 crores as on December 31,2024.

Liquidity: Stretched
OPL's liquidity is stretched marked by low free cash/bank balance, high working capital utilisation and low cash accruals. As on March 31,2024 the company had free cash/bank balance of Rs 0.15 crores and have been at similar levels as on December 31,2024. The working capital utilisation has also been as high as ~95% for the twelve months ended January 2025. In FY25 the projected annual cash accruals are ~Rs 5 crores as against annual term loan repayment of ~Rs 2.10 crores.

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Paper & Paper Products
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Media, Entertainment & Publication	Printing & Publication	Printing & Publication

Orient Press Limited is engaged in flexible packaging, printing and paper board packaging business. OPL is is promoted by the Maheshwari family - Mr. R. V. Maheshwari and Mr. R. R. Maheshwari and has over three decades of established track record. Under packaging, OPL manufactures flexible packaging material of multi-layer film laminates and paper board cartons; while under its printing segment, it is involved in 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 Dadra & Nagar Haveli, and Noida in Uttar Pradesh.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	172.01	170.70	107.64
PBILDT	5.21	6.67	3.26
PAT	-3.39	-1.06	-2.25
Overall gearing (times)	1.24	1.17	NA
Interest coverage (times)	0.70	1.00	NA

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fixed Deposit		-	-	-	8.00	CARE BB; Stable
Fund-based - LT-Cash Credit		-	-	-	21.50	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	31-03-2027	4.59	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 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	4.59	CARE BB; Stable	-	1)CARE BB+; Stable (22-Mar-24) 2)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)
2	Fund-based - LT-Cash Credit	LT	21.50	CARE BB; Stable	-	1)CARE BB+; Stable (22-Mar-24) 2)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)
3	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	14.50	CARE BB; Stable / CARE A4	-	1)CARE BB+; Stable / CARE A4+ (22-Mar-24) 2)CARE BB+; Stable / CARE A4+ (05-Apr-23)	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)
4	Non-fund-based - ST-BG/LC	ST	19.50	CARE A4	-	1)CARE A4+	1)CARE A4+	1)CARE A3

						(22-Mar-24) 2)CARE A4+ (05-Apr-23)	(09-Mar-23) 2)CARE A4+ (22-Nov-22)	(22-Feb-22)
5	Fixed Deposit	LT	8.00	CARE BB; Stable	-	1)CARE BB+; Stable (22-Mar-24)	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)

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

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

Annexure-4: Complexity level of 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 complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
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