



STAR EXPORT HOUSE

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11th March, 2019

The General Manager
Corporate Relations Department
BSE Ltd.
1st Floor, New Trading Ring
Phiroz Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

The General Manager
Listing Agreement
The National Stock Exchange of India Ltd.
"Exchange Plaza", C-1, Block 'G'
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051

Scrip Code: 526325

Scrip Code: ORIENTLTD

Dear Sir(s),

Sub.: Intimation for Credit Rating for Credit Facilities and Fixed Deposits

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed Letter dated 04th March, 2019 received from Care Ratings for giving Credit Ratings for various Credit Facilities availed by the Company from Banks and for the Fixed Deposits accepted by the Company from its Members.

This is for your information and record.

Thanking you
Yours faithfully
For **ORIENT PRESS LIMITED**


Ramvilas Maheshwari
(Chairman & Managing Director)
DIN: 00250378



No. CARE/HO/RL/2018-19/3513

Shri Ramvilas Maheshwari
Chairman & Managing Director
Orient Press Limited
1102, G-Wing, Lotus Coporate Park, 11th Floor
Off Western Express Highway, Goregaon (East)
Mumbai – 400063

March 04, 2019

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your company for FY18 (audited) and 9MFY19 (Un-audited), our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	38.02 (reduced from 40.41)	CARE BBB; Stable [Triple B; Outlook: Stable]	Revised from CARE BBB; Credit watch with Negative implications [Triple B ; Under Credit watch with Negative implications]
Long term/Short term Bank Facilities	14.50	CARE BBB; Stable/A3+ [Triple B; Outlook: Stable/A Three Plus]	Revised from CARE BBB; Credit watch with Negative implications/A3+ Credit watch with Negative implications [Triple B; Under Credit watch with Negative implications]
Short term Bank Facilities	21.00	CARE A3+ [A Three Plus]	Revised from CARE A3+; Credit watch with Negative implications [A Three Plus; Under Credit watch with Negative implications]
Medium-term Fixed Deposits	8.00	CARE BBB (FD); Stable [Triple B (Fixed Deposit); Outlook:Stable]	Revised from CARE BBB (FD); Credit watch with Negative implications [Triple B (Fixed Deposit); Under Credit watch with Negative implications]
Total	81.52 (Eighty One Crore and Fifty two Lakhs Only)		



¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

2. Refer **Annexure 1** for details of rated facilities.
3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by **March 07, 2019**, we will proceed on the basis that you have no any comments to offer.
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.



Page 2 of 13

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,



Krishna Pandey
Dy. Manager
krishna.p@careratings.com

Yours faithfully,



Vikash Agarwal
Sr. Manager
vikash.agarwal@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.



Annexure 1
Details of Rated Facilities

1. Long-term facilities

1.A. Term loans

(Rs. crore)

Sr. No.	Lender	Rated Amount (Rs. Crore)	Remarks
1.	Allahabad Bank – Term Loan 1	0.60	Repayable 20 Equal Quarterly installments of Rs. 0.20 Crore commencing from December 31, 2014
2.	Allahabad Bank – Term Loan 2	0.17	Repayable 16 Equal Quarterly installments of Rs.0.04 Crore commencing from September 30, 2016
3.	Allahabad Bank – Term Loan 3	0.70	Repayable 04 Equal Quarterly installments of Rs.0.2325 Crore commencing from November 02, 2018
4.	Kotak Mahindra Bank – Term Loan 1	8.00*	Term Loan Repayable in 20 Equal Quarterly installments.
5.	Kotak Mahindra Bank – Term Loan 2	3.00	Repayable 20 Equal Quarterly installments of Rs.0.25 Crore commencing from January 25, 2017.
6.	Axis Bank – Term Loan 1	1.80	Repayable 20 Equal Quarterly installments of Rs.0.10 Crore commencing from July 31, 2018
7.	Axis Bank – Term Loan 2	2.25^	Repayable 20 Equal Quarterly installments of Rs.0.1125 Crore commencing from July 31,2018
	Total	16.52	

*Term Loan Sanctioned 8.00 Crores (Sublimit of Capex LC /Buyers Credit).and actual disbursement till 15th Jan.2019 is Rs.7.255; ^Term Loan Sanctioned 2.25 Crores. And actual disbursement till 15th Jan., 2019 is Rs.0.589 Crore.

1.B. Fund Based limits

(Rs. crore)

Sr. No.	Name of Bank	Fund Based Limits	
		CC*	Total fund-based limits
1	Axis Bank	11.50	11.50
2	Allahabad bank	10.00	10.00
	TOTAL	21.50	21.50

*CC=Cash credit; LC=Letter of credit; BG=Bank guarantee

Total long-term facilities (1.A.+1.B.) Rs. 38.02 crore

2. Short-term facilities - Non fund based limits

(Rs. crore)

Sr. No.	Name of Bank	Non-Fund Based Limits		
		LCs/ BGs*	LER*	Total Non-fund-based limits
1	Axis Bank	13.50	1.50	15.00
2	Allahabad Bank	6.00	-	6.00
	TOTAL	19.50	1.50	21.00

*LC=Letter of credit; BG=Bank guarantee; LER=Loan Equivalent Risk

Total short-term facilities (2) Rs 21.00 crore

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3. Long /Short term Facilities**(Rs. crore)**

Sr. No.	Name of Bank	Nature of Facility	Amount
1	Axis Bank	EPC/PCFC/CC/LCBD*	12.50
2	Allahabad Bank	EPC/PCFC/CC*	2.00
	TOTAL		14.50

* EPC – Export packing credit, PCFC – Packing credit in foreign currency, CC-Cash credit

Total short-term/long-term facilities (3) Rs 14.50 crore

Total bank facilities (1+2+3) = 73.52

4. Medium Term Fixed deposit**(Rs. crore)**

Sr. No.	Lender	Rated Amount	Remarks
1.	Fixed Deposits-Medium Term	8.00	The rated amount includes outstanding fixed deposit of Rs. 6.62 crore.
	Total Facility	8.00	



Annexure - I
Orient Press Limited (OPL)

Ratings

Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Long term Bank Facilities	38.02 (reduced from 40.41)	CARE BBB; Stable (Triple B; Outlook: Stable)	Revised from CARE BBB; Credit watch with Negative implications [Triple B ; Under Credit watch with Negative implications]
Long term/Short term Bank Facilities	14.50	CARE BBB; Stable/A3+ (Triple B; Outlook: Stable/A Three Plus)	Revised from CARE BBB; Credit watch with Negative implications/A3+ Credit watch with Negative implications [Triple B; Under Credit watch with Negative implications]
Short term Bank Facilities	21.00	CARE A3+ (A Three Plus)	Revised from CARE A3+; Credit watch with Negative implications [A Three Plus; Under Credit watch with Negative implications]
Medium-term Fixed Deposits	8.00	CARE BBB (FD); Stable [Triple B (Fixed Deposit); Outlook:Stable]	Revised from CARE BBB (FD); Credit watch with Negative implications [Triple B (Fixed Deposit); Under Credit watch with Negative implications]
Total	81.52 (Eighty One Crore and Fifty two Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has removed the ratings from 'credit watch with negative implication' on account of its Plot No. G-73, Tarapur(Maharashtra) plant resuming operations after getting conditional approval from Maharashtra pollution control board and clarity on the possible impact of the closure of the plant on the credit risk profile of the company.

The reaffirmation in the ratings assigned to the bank facilities and the fixed deposits of OPL continue to derive its strength from extensive experience of the promoters in the industry, established clientele base of OPL, and marginal improvement in the company's capital structure

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²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

due to infusion of funds through issue of equity shares on preferential basis and partial repayment of unsecured loans.

The above rating strengths are however tempered by OPL's moderate scale and working capital intensive nature of operations, decline in profit margins and debt coverage indicators, susceptibility of the profit margins to volatile raw material prices/forex fluctuations, exposure to regulatory risk and intense competition in the flexible packaging division.

Going forward, the company's ability to improve its scale of operations, profit margins, debt coverage indicators and sustenance of capital structure at comfortable levels shall remain the key rating sensitivities. Moreover, any change in the environment regulations or non-compliance with the conditions put forward by MPCB affecting the operations of the company will remain the key rating monitorable.

Detailed description of the key rating drivers

Key Rating Strengths

Extensive experience of the promoters in the industry

The company 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 company has well experienced board of directors which includes four independent directors and four executive directors.

Established customer base

The company supplies its products to some of the well reputed brands in the FMCG industry. Moreover, the company is amongst leader in the capital market stationary printing category. Through its long existence in the business, the company has established healthy relationship with its clientele base, ensuring repeat orders from them. Additionally, the company's client profile is fairly diversified with top ten customers accounting for 33.33% of total sales in FY18.

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Marginal improvement in the capital structure

Issue of equity shares on preferential basis to the promoters as well as public shareholders resulted into aggregate addition of Rs.11.46 crore (excluding share issue expenses) to the company's tangible networth. This fresh equity issue coupled with plough back of profits to the company's reserves helped the company to improve its tangible net worth from Rs.67.63 crore as on March 31, 2017 to Rs.81.73 crore as on March 31, 2018. On the other hand, partial repayment of unsecured loans from promoters resulted in marginal decline in the company's debt. As a result, the company's capital structure also improved as indicated by overall gearing of 0.84 times as on March 31, 2018 from 1.03 times as on March 31, 2017.

Key Rating Weaknesses

Scale of operations continues to be moderate

With total operating income of Rs.203.58 crore and tangible net worth of Rs.81.73 crore, OPL continues to be moderate sized entity. Moderate size of the company may restrict the company in timely revision of product prices as these companies are generally price takers in the market, and thus any revision in price is largely done only after the market leaders revise their product prices.

Decline in profit margins and debt coverage indicators

During FY18, OPL derived around 46.87% of its revenues from flexible packaging division. Flexible packaging division has polymer granules as one of its major raw materials. Increase in price of polymer granules resulted in decline in the PBILDT margins from 8.56% in FY17 to 7.56% in FY18. However, decline in the interest and finance charges (due to capitalization of interest relating to borrowings related to capex) led to improvement in the PAT margin from 1.30% in FY17 to 1.83% in FY18. Hence, the company's gross cash accruals also increased during FY18 to Rs.11.18 crore from Rs.7.84 crore in FY17. Nonetheless, the gross cash accruals declined during 9MFY19 to Rs.5.93 crore from Rs.8.62 crore reported during 9MFY18.



Working capital intensive nature of operations

The company's average inventory days increased to 103 days as on March 31, 2018 from 98 days as on March 31, 2017. The increase in inventory days is partially on account of the company's Noida plant starting operations which required the company to maintain raw material stock at its different plant locations. However, owing to higher credit period availed from its suppliers, the company's average working capital improved marginally from 115 days as on March 31, 2017 to 109 days as on March 31, 2018. The increase in payable days can be largely attributed to higher purchases by the printing division relating in the Month of March for catering to an upcoming IPO at that time.

Susceptibility of the profit margins to raw material volatility and forex fluctuation

The company's major raw materials polymers granules are derivatives of crude oil which is volatile in nature. Moreover, owing to the presence of large numbers of players in the flexible packaging industry, passing on changing raw material prices becomes difficult, resulting into lag in the price revisions when the input prices are on rising trend. Moreover, as the raw materials form around 70% of the company's lag in passing of raw materials may have significant impact on the company's profit margins.

Furthermore, being the net exporter OPL's profit margins are also exposed to forex fluctuation. OPL's management hedges its forex exposure as per market situation and if the forex exposure goes above certain threshold. Nonetheless, some portion of the forex exposure still remains unhedged. In FY18 the company earned Rs.19.39 crore from exports and the import of raw materials, stores and spares and capital goods accounted for Rs.11.26 crore of foreign exchange outflow. As on March 31, 2018 the company had net un-hedged forex exposure of Rs.0.83 crore.

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 the countries like India, which is also one of the fastest growing markets for the plastic packaging. This exposes the companies in flexible packaging to high regulatory risk. In order to reduce the plastic waste, ministry of environment forest and climate change had enacted “plastic waste management” rules in March 2016. Non-compliance of these regulations may result in closure of the manufacturing plants.

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, larger players in the industry will be better placed to adopt changing environment regulations with their innovative biodegradable solutions and recyclable products.

Thin liquidity position

Owing to the recent capacity addition and increase in working capital requirements, the company has thin liquidity position as on March 31, 2018 with cash and bank balances (excluding lien marked) of Rs.1.22 crore. Moreover, the company’s fund based utilization also remained on higher side with average utilization levels at around 89.50% for the last twelve months ending December 31, 2018.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE’s Policy on Default Recognition

Criteria for Short Term Instruments

Financial ratios – Non-Financial Sector



Rating Methodology-Manufacturing Companies

About the Company

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 Dadra & Nagar Haveli, and Noida in Uttar Pradesh.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	190.83	203.58
PBILDT	16.34	15.40
PAT	2.49	3.73
Overall gearing (times)	1.03	0.84
Interest coverage (times)	2.61	3.17

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	16.52	CARE BBB; Stable
Fund-based - LT-Cash Credit	-	-	-	21.50	CARE BBB; Stable
Fund-based - LT/ ST-CC/Packing Credit	-	-	-	14.50	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-BG/LC	-	-	-	21.00	CARE A3+
Fixed Deposit	-	-	-	8.00	CARE BBB (FD); Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	16.52	CARE BBB; Stable	1)CARE BBB (Under Credit watch with Negative Implications) (31-Oct-18)	1)CARE BBB; Stable (21-Mar-18)	1)CARE BBB; Stable (28-Feb-17)	1)CARE BBB (13-Jan-16)
2.	Fund-based - LT-Cash Credit	LT	21.50	CARE BBB; Stable	1)CARE BBB (Under Credit watch with Negative Implications) (31-Oct-18)	1)CARE BBB; Stable (21-Mar-18)	1)CARE BBB; Stable (28-Feb-17)	1)CARE BBB (13-Jan-16)
3.	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	14.50	CARE BBB; Stable / CARE A3+	1)CARE BBB / CARE A3+ (Under Credit watch with Negative Implications) (31-Oct-18)	1)CARE BBB; Stable / CARE A3+ (21-Mar-18)	1)CARE BBB; Stable / CARE A3+ (28-Feb-17)	1)CARE BBB / CARE A3+ (13-Jan-16)
4.	Non-fund-based - ST-BG/LC	ST	21.00	CARE A3+	1)CARE A3+ (Under Credit watch with Negative Implications) (31-Oct-18)	1)CARE A3+ (21-Mar-18)	1)CARE A3+ (28-Feb-17)	1)CARE A3+ (13-Jan-16)
5.	Fixed Deposit	LT	8.00	CARE BBB (FD); Stable	1)CARE BBB (FD); (Under Credit watch with Negative Implications) (31-Oct-18)	1)CARE BBB (FD); Stable (21-Mar-18)	1)CARE BBB (FD); Stable (28-Feb-17)	1)CARE BBB (FD) (13-Jan-16)

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