



## Rating Rationale

Opera Exports Private Limited

16 Jan 2019

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**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 58.00 Crores of Opera Exports Private Limited.**

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### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	15.00	Short Term	BWR A3
Fund Based (Proposed)	35.00		
Non Fund Based	8.00		
<b>Total</b>	<b>58.00</b>	<b>INR Fifty Eight Crores Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the company's audited financial results upto FY18, projections of FY19 and FY20 as well as publicly available information and the information/clarifications provided by the company and the banker.

### Description of Key Rating Drivers

The Rating has factored in established presence of the firm and experience of the management in the line of business, growth in scale of operations, increase in EBITDA of the company. However, the rating is constrained by moderately low networth, capital intensive nature of operations as well as low and vulnerable profit margins.

Going forward, company's ability to manage its working capital efficiently and achieve its projections remain as key rating sensitivity.



### **Credit Strengths:**

- **Experienced Management:** OEPL has been operating since 8 years and Mr. Dhanpatraj Jain is the managing director of the company. He has an overall experience of around 20 years in the line of business.
- **Increase in scale of operations on YOY basis:** OEPL has witnessed an increase in its scale of operations from Rs. 119.33 Crs in FY17 to Rs. 183.32 Crs in FY18. There is a growth of 54% from FY17 to FY18. Further, the company has registered a total operating income of Rs.111.91 Crs as per FY19 provisionals (December).
- **Increase in EBITDA:** The company has reported an increase in EBITDA from Rs. 4.12 Crs in FY17 to Rs.5.37 Crs in FY18. EBITDA level is at a moderate level leading to comfortable debt protection metrics.

### **Credit Risks:**

- **Moderately low networth:** As per scale of operations and level of debt, the tangible networth is moderately low at Rs. 19.35 crs as on 31st March 2018.
- **Working Capital intensive nature of operations:** The company has high trade receivables coupled with high days of receivables of 129 days in FY18 leading to working capital intensive nature of operations. The same is reflected by has moderately high gearing at 1.97 times in FY18.
- **Low and vulnerable profit margins:** The company has low profit margins with an NPM at 1.05% and OPM at 2.93% in FY18. This is mainly attributed to the inherent nature of the trading industry. Further, as the company is mainly engaged in export business, the margins are susceptible to forex risk. Moreover, margins are also vulnerable to fluctuating raw material prices.

### **Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### **About the Company**

Opera Exports Pvt Ltd (OEPL or 'The Company') is a Surat based company incorporated in the year 2011. Mr. Dhanpatraj Jain is the managing director of the company. OEPL is engaged in trading and exporting of textiles and garments such as woolen, cotton, sequene fabrics, printed and embroidered fabrics and sarees. The company mainly exports in Gulf countries.

### **Company Financial Performance**

OEPL reported an increase in operating income from Rs. 119.33 Crs in FY17 to Rs.183.32 Crs in FY18. Further PAT also increased from Rs.1.23 Crs in FY17 to Rs. 1.93 Crs in FY18. Tangible networth stood at Rs. 19.35 Crs as on 31st March 2018. Further, the company has reported a total operating income of Rs. 111.91 Crs as per FY19 provisional till December.

**Rating History for the last three years**

S.No	Instrument /Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	<b>Fund Based (Proposed)</b>	Short Term	15.00	<b>BWR A3</b>	NA	NA	NA
2.	<b>Fund Based</b>		35.00				
3.	<b>Non Fund Based</b>		8.00				
<b>Total</b>			<b>58.00</b>	<b>₹ Fifty Eight Crores Only</b>			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments  
Any other information

**Key Financial Indicators**

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	183.32	119.33
EBITDA	₹ Cr	5.37	4.12
PAT	₹ Cr	1.93	1.23
Tangible Net worth	₹ Cr	19.35	12.33
Total Debt/Tangible Net worth	Times	1.97	1.93
Current Ratio	Times	1.32	1.39

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)



- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



#### **DISCLAIMER**

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