



Press Release

Omax Autos Limited

Jan 18, 2024

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities –	45.24	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	Re-affirmed & Withdrawn	Simple
Short Term Bank Facilities	30.00	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Re-affirmed & Withdrawn	Simple
Total	75.24 (Rupees Seventy- Four Crores and Twenty Four Lakhs Only)				

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited has reaffirmed the ratings assigned to the bank facilities of Omax Auto Limited (OAL) at IVR BB-/Stable to long term bank facilities and IVR A4 to the short-term facilities and simultaneously withdrawn the ratings with immediate effect. The above action has been taken at the request of OAL and 'No Objection Certificate' received from all the bankers who have extended the facilities, and which is rated by Infomerics. The rating is withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities: Not Applicable as ratings withdrawn.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters

The promoters, Mr. Jatender Kumar Mehta (Vice Chairman) and Bharat Kaushal (Chairman) has a vast experience of around three decades in the field of Automobile and its components Industry. Further, Mr. Devashish Mehta (Managing Director) has rich experience of around a



Press Release

decade. Extensive experience of the promoters underpins the business risk profile of the company and supports it to develop established relationship with its customers which enabled the company to receive repeat orders.

Omax's healthy market share with TML

Omax has healthy market share with Tata Motors Limited (TML), both in long-member manufacturing and frame assembly for medium and heavy trucks, and buses, as well as for frame assembly of intermediate CV running on compressed natural gas. Further, TML is major customer of Omax.

Improvement in scale of operations

The total operating income of the company has witnessed growth of ~24.00% during FY23. TOI improved to Rs. 300.78 crore in FY23 from Rs. 222.20 crore in FY22 driven by commencement of production at Long Member Plant.

Key Rating Weaknesses

Deterioration in operating margins

The profitability of company in terms of absolute EBITDA has improved at Rs. 13.83 crore in FY23 as against Rs. (-25.12) crore in FY22. However, the company has reported loss i.e Rs. (-24.33) crore (-7.71%) in FY23 as against Rs. 23.46 crore (9.25%) in FY22. During FY22, the company has reported profit majorly on account of gain from sale of properties.

Average financial risk profile

Omax has moderate capital structure as indicated by tangible net worth base of Rs. 277.53 core as on March 31, 2023, as against Rs. 295.82 crore as on March 31, 2022; this decline is on account of loss reported during FY23. The overall gearing ratio improved at 0.45x in FY23 from 0.51x in FY22. This improvement is on account of debt reduction in FY23. The debt protection metrics of the company remained stretched with interest coverage ratio below average in FY23.



Press Release

High customer concentration risk

The company's revenue from its major customers' accounts for ~95.00%, thereby indicating very high customer concentration risk. If the company loses any of its top customers, then performance of the company might be impacted over the medium term. However, the risk can be mitigated as major clients are government bodies and reputed Tata group.

Analytical Approach: Standalone

Applicable Criteria :

[Rating Methodologies for Manufacturing Entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)
[Policy on Withdrawal of ratings](#)

Liquidity – Stretched

The company's liquidity stood stretched with low gross cash accruals of Rs.4.30 crore in FY23 against its debt repayment of Rs. 45.06 crore. However, the company's cashflows are supported by promoters fund and by asset sale proceeds. Further, debt obligations repayments are being done through the same. The company has a current ratio of 0.76x as of March 31, 2023, which stands below benchmark. The company had cash and bank balance of Rs.30.03 crore as on March 31, 2023.

About the Company

Omax Autos Limited's (Omax) was established in 1983. The company is into the business of manufacturing and selling sheet metal components related to automobile and Railways, having its manufacturing units in the state of Uttar Pradesh and Haryana. The company is a publicly listed company. Omax caters to Tata Motors Limited for its CV segment and is also an approved supplier to Indian Railways.

Financials (Standalone):

(Rs. crore)



Press Release

For the year ended* As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	222.20	300.78
EBITDA	-25.12	13.83
PAT	23.46	-24.33
Total Debt	152.35	124.41
Tangible Net worth*	295.82	277.53
EBITDA Margin (%)	-11.30	4.60
PAT Margin (%)	9.25	-7.71
Overall Gearing Ratio (x)	0.51	0.45

*as per Infomerics standards

Status of non-cooperation with previous CRA : Nil.

Any other information: Nil

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)				Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Dated June 16, 2023	Date(s) & Rating(s) assigned in 2022-23 Dated : Feb 10, 2023	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	34.33	IVR BB-/Stable (IVR Double B Minus With Stable Outlook)	IVR BB-/Stable (IVR Double B Minus With Stable Outlook)	IVR BB-/Stable (IVR Double B Minus With Stable Outlook)	-	-
2.	ECLGS	Long Term	10.91	IVR BB-/Stable (IVR Double B Minus With Stable Outlook)	IVR BB-/Stable (IVR Double B Minus With Stable Outlook)	IVR BB-/Stable (IVR Double B Minus With Stable Outlook)		



Press Release

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)				Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Dated June 16, 2023	Date(s) & Rating(s) assigned in 2022-23 Dated : Feb 10, 2023	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
3	PO Finance	Short Term	10.00	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	-	-	-
4	Bank Guarantee	Short Term	20.00	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Om Prakash Jain
Tel: (011) 45579024
Email: opjain@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



Press Release

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long term Bank Facilities – Term Loan	-	-	-	34.33	IVR BB-/Stable (IVR Double B Minus With Stable Outlook)
Long term Bank Facilities – ECLGS				10.91	IVR BB-/Stable (IVR Double B Minus With Stable Outlook)
Short term Bank Facilities – PO Finance				10.00	IVR A4 (IVR A Four)
Short term Bank Facilities – Bank Guarantee				20.00	IVR A4 (IVR A Four)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-OmaxAutos-jan24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com