

**OMAX/STEX/2022-23/CRA/2**

**Date: 13<sup>th</sup> February, 2023**

**The Manager - Listing**  
**National Stock Exchange of India Ltd.**  
Exchange Plaza 1  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400051

**The Manager - Listing**  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400001

**NSE Code: OMAXAUTO**

**BSE Code: 520021**

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In terms of the provisions of Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby informed that Credit Rating Agency "Infomerics" has revised the Long-Term issuer rating as mentioned below and The instrument-wise rating actions are given below:

**Omax Autos Limited**

**February 10, 2023**

**Ratings**

| Instrument / Facility     | Amount (Rs. crore) | Ratings  | Rating Action | Complexity Indicator |
|---------------------------|--------------------|--|---------------|----------------------|
| Long Term Bank Facilities | 81.81              | IVR BB-/Stable<br>(IVR Double B Minus with Stable Outlook) | Assigned      | Simple               |
| <b>Total</b>              | <b>81.81</b>       | <b>Rupees Eighty One Crore and Eighty One Lakhs Only</b>   |               |                      |

**Rating History for last three years:**

| Sr. No. | Type of Facilities | Current Ratings (Year 2022-23) |                                |                | Rating History for the past 3 years     |   |   |
|---------|--------------------|--------------------------------|--------------------------------|----------------|---|---|---|
|         |                    | Type                           | Amount outstanding (Rs. Crore) | Rating         | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2020-21 | Date(s) & Rating(s) assigned in 2019-20 |
| 1.      | Term Loan          | Long Term                      | 43.83                          | IVR BB-/Stable | -                                       | -                                       | -                                       |
| 2.      | Cash Credit        | Long Term                      | 3.20                           | IVR BB-/Stable | -                                       | -                                       | -                                       |
| 3.      | ECLGS              | Long Term                      | 14.78                          | IVR BB-/Stable | -                                       | -                                       | -                                       |
| 4.      | Bank Guarantee     | Long Term                      | 20.00                          | IVR BB-/Stable | -                                       | -                                       | -                                       |

This is for your information and further dissemination please.

**Note 1: Complete data as per subject matter may be analyzed vide link: <https://www.infomerics.com/admin/prfiles/OMAX-FEB23.pdf>**  
**For Omax Autos Limited**

**Mohit Srivastava**  
**(Company Secretary cum Compliance Officer)**

**Enclosed: Omax Autos Limited - Rating Action Commentary (RAC) India rating**

**Note: The Press Release date is 10/02/2023. The disclosure being provided today as 11<sup>th</sup> & 12<sup>th</sup> of February, 2023 were holidays.**





## Press Release

### Omax Autos Limited

February 10, 2023

#### Ratings

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Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics Valuations and Ratings Private Limited (IVR) has assigned long-term rating of IVR BB- with a Stable Outlook for the bank loan facilities of Omax Autos Limited (OAL).

The rating draws comfort from its experienced promoters, OAL healthy market share with Tata Motors Limited (TML) and improvement in scale of operations. However, these strengths are partially offset by deterioration in operating margins, average financial risk profile and high customer concentration risk.

IVR has principally relied on the standalone audited financial results of Omax upto 31 March 2022, H1FY23 and projected financials for FY23, FY24 and FY25, and publicly available information/ clarifications provided by the company's management.

#### Key Rating Sensitivities:

#### Upward Factors

- Growth in scale of operations with improvement in profitability and debt protection metrics on a sustained basis.
- Prudent working capital management with improvement in liquidity position.



## Press Release

### **Downward Factors**

- Moderation in scale of operations and/or profitability impacting the operating margin debt protection metrics on a sustained basis.
- Moderation in the capital structure.

### **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 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.

##### **OAL healthy market share with TML**

OAL 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 (TOI) of the company has witnessed growth of ~38.00% during FY2022. TOI improved to Rs. 222.20 crore in FY2022 from Rs.161.49 crore in FY2021 driven by upliftment of lockdown and commencement of production at Long Member Plant (from January 2021).



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### Key Rating Weaknesses

#### Deterioration in operating margins

The profitability of company in terms of absolute EBITDA remained negative at Rs. (-25.12) crore in FY2022 as against negative Rs. (-41.65) crore in FY2021. This was due to the operating losses in the railway segment. However, PAT improved from negative Rs. 10.10 crore (-5.50%) in FY2021 to Rs. 23.46 crore (9.25%) in FY2022 on account of gain from sale of properties during FY2022.

#### Average financial risk profile

The company's total debt has declined from Rs 239.29 crore in FY2021 to Rs 152.35 crore in FY2022 mainly due to reduction debt through sale of assets as well as lower utilization working capital limits due to lower sales to the railways segment. The debt protection metrics of the company remained stretched with negative interest coverage ratio in FY2022. This was account on operating losses incurred by the company during FY2022.

#### High customer concentration risk

The company's revenue from its major customers' accounts for ~93.00%, 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:** For arriving at the ratings, IVR has analysed OAL's credit profile by considering the standalone financial statements of the company.

#### Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria for assigning rating outlook](#)



## Press Release

### **Liquidity – Stretched**

The company's liquidity stood stretched with low gross cash accruals of Rs.37.93 crore in FY2022 against its debt repayment of Rs. 54.95 crore. However, the company's cashflows are supported by asset sale proceeds from Manesar and Dharuhera properties and sale of few machineries in FY2022. During FY22, debt obligations repayments are being done through the same. The company has a current ratio of 0.83x as of March 31, 2022, which stands below benchmark. However, the company is expected to generate cash accruals in the range of Rs.34.00 - 57.00 crore as against its debt servicing obligation of ~Rs.16.00-36.00 crore FY23-25. The company had an unencumbered cash balance of Rs. 17.06 crore as on March 31, 2022.

### **About the Company**

Omax Autos Limited's (OAL) 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. OAL caters to Tata Motors Limited for its CV segment and is also an approved supplier to Indian Railways.

### **Financials (Standalone):**

| For the year ended*       | (Rs. Crore) |            |
|---------------------------|-------------|------------|
|                           | 31-03-2021  | 31-03-2022 |
|                           | Audited     | Audited    |
| Total Operating Income    | 161.49      | 222.20     |
| EBITDA                    | -41.65      | -25.12     |
| PAT                       | -10.10      | 23.46      |
| Total Debt                | 239.29      | 152.35     |
| Tangible Net worth        | 272.37      | 295.82     |
| EBITDA Margin (%)         | -25.79      | -11.30     |
| PAT Margin (%)            | -5.50       | 9.25       |
| Overall Gearing Ratio (x) | 0.88        | 0.51       |

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** None.



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Any other information: Nil

### Rating History for last three years:

| Sr. No. | Type of Facilities | Current Ratings (Year 2022-23) |                                |                 | Rating History for the past 3 years     |   |   |
|---------|--------------------|--------------------------------|--------------------------------|-----------------|---|---|---|
|         |                    | Type                           | Amount outstanding (Rs. Crore) | Rating          | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2020-21 | Date(s) & Rating(s) assigned in 2019-20 |
| 1.      | Term Loan          | Long Term                      | 43.83                          | IVR BB-/ Stable | -                                       | -                                       | -                                       |
| 2.      | Cash Credit        | Long Term                      | 3.20                           | IVR BB-/ Stable | -                                       | -                                       | -                                       |
| 3.      | ECLGS              | Long Term                      | 14.78                          | IVR BB-/ Stable | -                                       | -                                       | -                                       |
| 4.      | Bank Guarantee     | Long Term                      | 20.00                          | IVR BB-/ Stable | -                                       | -                                       | -                                       |

### Name and Contact Details of the Rating Analyst:

|   |   |
|---|---|
| Name: Ms. Shilpa Yadav  | Name: Mr. Om Prakash Jain   |
| Tel: (011) 24601142   | Tel: (011) 24601142   |
| Email: <a href="mailto:shilpa.yadav@infomerics.com">shilpa.yadav@infomerics.com</a> | Email: <a href="mailto:opjain@infomerics.com">opjain@infomerics.com</a> |

### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.



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For more information visit [www.infomerics.com](http://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, suspend 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 |
|-----------------------------------|------------------|------------------|---------------|------------------------------|--------------------------|
| Term Loan                         | -                | -                | -             | 43.83                        | IVR BB-/ Stable          |
| Cash Credit                       | -                | -                | -             | 3.20                         | IVR BB-/ Stable          |
| Term Loan-ECLGS                   | -                | -                | -             | 14.78                        | IVR BB-/ Stable          |
| Long Term Facility-Bank Guarantee | -                | -                | -             | 20.00                        | IVR BB-/ Stable          |

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

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/OMAX-FEB23.pdf>

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



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**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 [Complexity Level of Rated Instruments/Facilities](#).