

ARORA PRINTING PRESS
D&B D-U-N-S[®] NUMBER: 67-708-8277

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Date: 28th April 2017

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BUSINESS SUMMARY

D&B D-U-N-S® NUMBER

67-708-8277

ADDRESS

12, Azad Market, Station Road
Raipur – 492 001
Chhattisgarh
India

TELEPHONE

91 - 771 - 2103127
91 - 771 – 2971142
91 - 771 - 2971525

EMAIL

aroraproduct@gmail.com
arorapr@gmail.com

D&B RATING

B3

CONDITION

Fair

REGISTRATION NUMBER

D-Raipur-93/2013-14

START DATE

1963

CONTROL DATE

1st April 2010

HISTORY

Clear

EMPLOYEES (Total)

4

INFORMATION PROVIDED BY

On 25th April 2017, Mr. Rajat Arora – Partner and Export Head provided the relevant information in this report.

CHIEF EXECUTIVE

Rajat Arora
Partner and Export Head

ENTITY PROFILE

Arora Printing Press (hereinafter referred to as ‘Arora Printing’ or ‘the Entity’) was established as a proprietorship firm in the year 1963. Later, on 1st April 2010, it was registered as a partnership firm.

The Entity is engaged in manufacturing and export of corrugated boxes, cardboard boxes, corrugated carton boxes, carton box covers, paper note books, duplex board, milk carton boxes.

The Entity caters to the demand of domestic as well as overseas market. It mainly exports to United Kingdom.

The Entity controls its activities from its corporate office located at Raipur, Chhattisgarh.

LINE OF BUSINESS

The Entity is engaged in manufacturing and export of corrugated boxes, cardboard boxes, corrugated carton boxes, carton box covers, paper note books, duplex board, milk carton boxes etc.

STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE

Manufactures corrugated boxes, partitions, display items, sheets, and pad – 2653 – 0100

Manufactures boxes, corrugated: made from purchased material – 2653 – 0101

Manufactures folding paperboard boxes – 2657 – 0000

Source: Entity website and as provided by the management

RATING KEY

D&B's Rating consists of 2 parts, the Financial Strength and the Composite Appraisal / Condition. Financial Strength is an indication of the tangible networth (that is, the shareholder's funds less any intangible assets). The Composite Appraisal / Condition is linked to the level of risk and is an overall evaluation of credit worthiness. It takes into account the financial condition and several factors such as trade reference history, legal structure, management experience and any adverse listings.

D&B Indicative Risk Rating of B3 implies that the Entity has a tangible networth between INR 3,875,700 and INR 7,751,399 as per latest available audited financial statements. Composite appraisal 3 indicates a fair overall status of the Entity.

Risk Indicator	Condition	Level of Risk	Guide to Interpretation
1	Strong	Minimal risk	Proceed with transaction - offer extended terms if required
2	Good	Low risk	Proceed with transaction
3	Fair	Slightly greater than average risk	Proceed with transaction but monitor closely
4	Limited	Significant level of risk	Review each case before extending credit and obtain more information. Take suitable assurances before extending credit, guarantees may be needed
-	Undetermined	Insufficient information to assign a rating	Assigned to concerns where there is insufficient information to express any opinion on the condition, financial soundness or payment history of the concern. A concern with no telephone number will also be assigned a "--" condition

Financial Strength			Composite Appraisal			
Rating	Tangible Networth (In INR)					
	From	To	Strong	Good	Fair	Limited
5A	645,950,000 and Above		1	2	3	4
4A	129,190,000	645,949,999	1	2	3	4
3A	64,595,000	129,189,999	1	2	3	4
2A	12,919,000	64,594,999	1	2	3	4
A	7,751,400	12,918,999	1	2	3	4
B	3,875,700	7,751,399	1	2	3	4
C	1,219,900	3,875,699	1	2	3	4
D	516,760	1,219,899	1	2	3	4
E	155,028	516,759	1	2	3	4
F	51,676	155,027	1	2	3	4
G	Upto 51675		1	2	3	4
--	Not Classified					

FINANCIAL SNAPSHOT

COMPARATIVE FIGURES (INR in thousand)			
Year	FY 2014	FY 2015	FY 2016
Revenue	6,476	8,674	9,772
Net Profit after Tax	50	57	45
Current Assets	4,511	7,354	12,209
Current Liabilities	3,188	3,596	6,611
Working Capital	1,323	3,758	5,598
Other Tangible Assets	3,437	3,934	3,570
Non-Current Liabilities	2,124	3,154	3,584
Tangible Networth	2,636	4,538	5,584
Total Borrowings	4,163	5,133	5,782
Cash and Bank	17	255	468
Accounts Receivable	1,103	599	1,456
Fixed Assets	3,437	3,934	3,570
Accounts Payable	1,013	628	3,988
Inventory	3,290	6,238	10,046

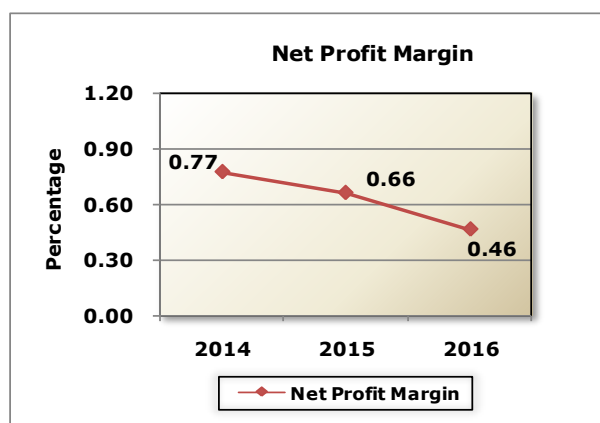
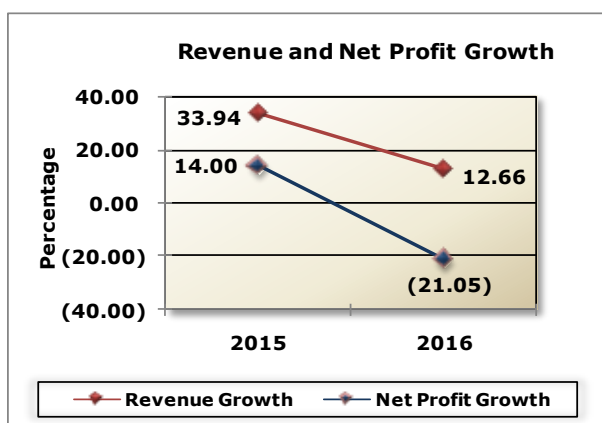
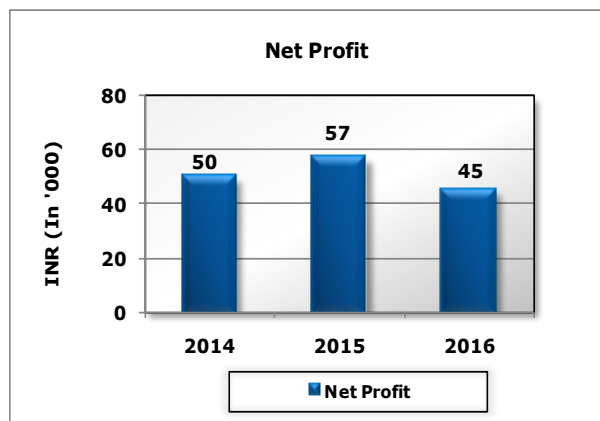
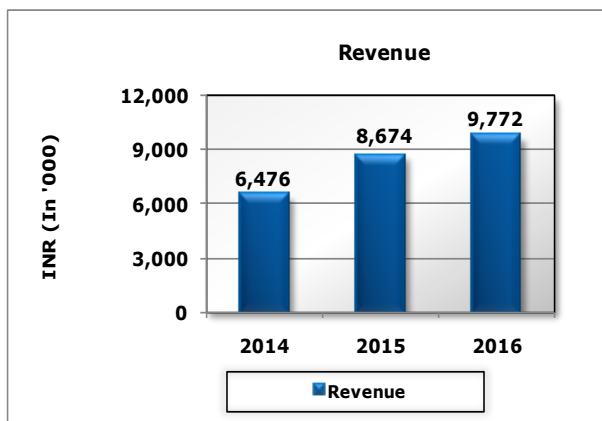
KEY RATIOS			
Year	FY 2014	FY 2015	FY 2016
Gross Profit Margin (%)	19.49	16.50	22.05
Operating Profit Margin (%)	8.63	5.83	3.92
Net Profit Margin (%)*	0.77	0.66	0.46
Return on Tangible Networth (%)*	1.90	1.26	0.81
Return on Capital Employed (%)	9.09	8.41	4.50
Total Debt Equity Ratio (Times)	1.58	1.13	1.04
Interest Coverage Ratio (Times)	1.09	1.08	1.10

Refer Annexure I for details

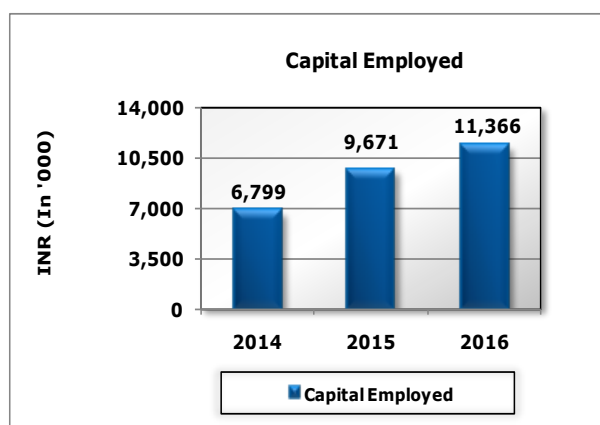
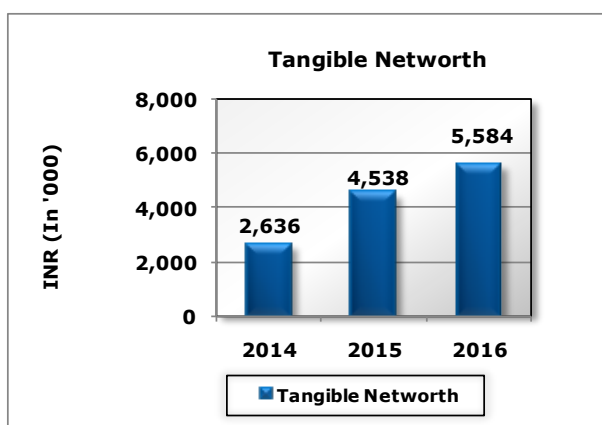
** The ratios have been calculated on PBT (Profit before tax)*

FINANCIAL TREND

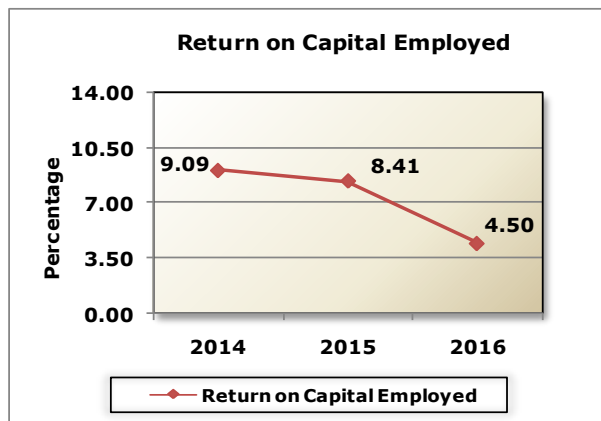
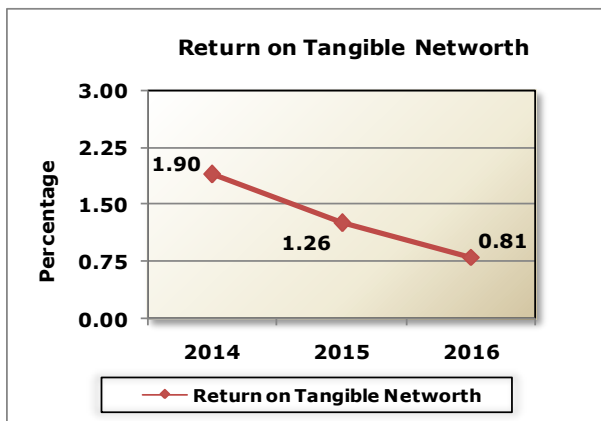
➤ Revenue and Net Profit



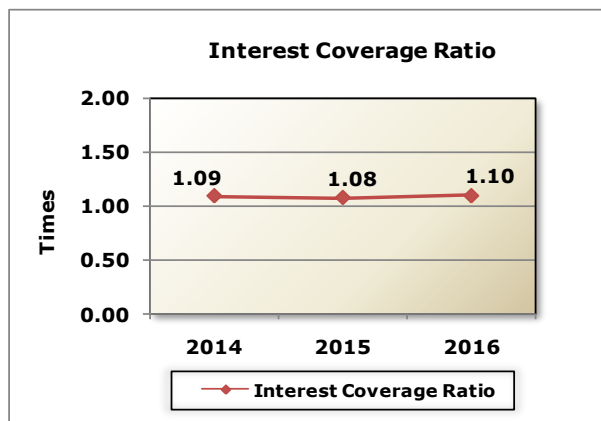
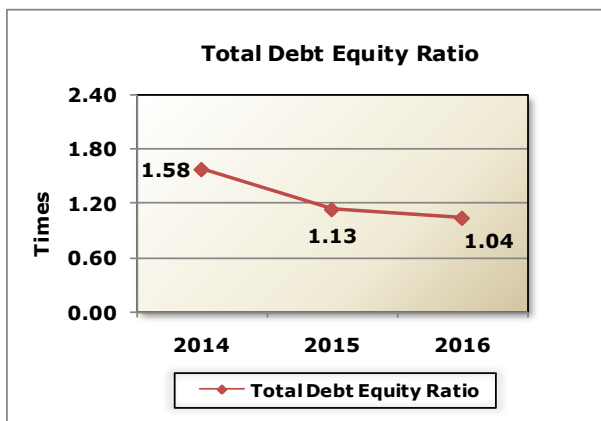
➤ Tangible Network and Capital Employed



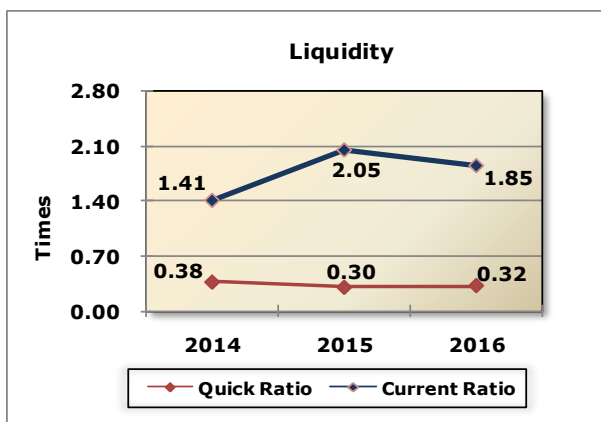
➤ Return on Tangible Network and Return on Capital Employed



➤ Total Debt Equity Ratio and Interest Coverage Ratio



➤ Liquidity Ratios



REGISTRATION DETAILS

LEGAL STRUCTURE

Partnership Firm

ESTABLISHED

1st April 2010

REGISTRATION BODY

Registrar of Firm

REGISTRATION NUMBER

D-Raipur-93/2013-14

REGISTERED OFFICE

12, Azad Market Station Road
Raipur - 492 001
Chhattisgarh
India

LAST FINANCIAL STATEMENT DATE

31st March 2016

*Source: Annual report 2016 and
as provided by the management*

KEY FINANCIAL HIGHLIGHTS

- ✓ Revenue of the Entity showed an increasing trend during the period under review. It increased by 33.94% in FY 2015. It further increased by 12.66% in FY 2016.
- ✓ Net profit of the Entity showed an uneven trend during the under review. Net profit increased by 14.00% in FY 2015 mainly due to increase revenue and non-operating income which was offset by increase in freight charges. However, despite of increase in revenue, it decreased by 21.05% in FY 2016 due to increase in freight expenses and decline in non-operating income. This was partially offset by decline in salaries and wages and interest expenses.
- ✓ Tangible network of the Entity showed an increasing trend during the period under review. This was mainly due to infusion of capital by partners.
- ✓ Total borrowings of the Entity showed an increasing trend for the period under review mainly on account of increase in both long term loans and short term loans.
- ✓ Total debt equity ratio of the Entity showed decreasing trend during the period under review. It decreased from 1.58 times as on 31st March 2014 to 1.13 times as on 31st March 2015 and further decreased to 1.04 times as on 31st March 2016 mainly on account of increase in total debt being less than increase in tangible network.
- ✓ Interest coverage ratio of the Entity showed an uneven trend during the period under review. It decreased marginally from 1.09 times in FY 2014 to 1.08 times in FY 2015 mainly on account of decrease in EBIT (earnings before interest and taxes) being more than decrease in interest expenses. However, it increased marginally to 1.10 times in FY 2016 on account decrease in interest expense being more than the decrease in EBIT.

PURCHASE DETAILS

LOCAL	90.80%
INTERNATIONAL	9.18%

Country of Imports	% of Imports
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People's Republic of China	100%
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PURCHASING TERMS

Local Purchase Terms

30% advance and balance before dispatch

Import Terms

30% advance and balance before dispatch

Source: As provided by the management

REVENUE DETAILS

LOCAL	83%
INTERNATIONAL	17%
Country of Exports	% of Exports
Europe	100%

REVENUE TERMS

Local Revenue Terms

Open account: 7 to 15 days

Exports Terms

100% Advance for overseas , also start with Letter of Credit

CUSTOMERS

Major Customer Types

✓ Trader

Major Customer Names

Name of Customer	Country	% of Total Revenue	Length of Relationship (Years)
K A Packaging	France	7	1
LALS Market	France	5	1
NINE Capital AB	Sweden	5	1

Source: As provided by the management

CAPITAL DETAILS

PARTNERS' CAPITAL

INR 5,584 thousand as on 31st
March 2016

Source: Annual report 2016

AUDITORS

M. Kant & Company Chartered Accountants

14/15, 1st Floor
Lal Ganga Chambers
M.G. Road
Raipur – 492 001
Chhattisgarh
India

Source: Annual report 2016

BANKERS

✓ Syndicate Bank

PROFIT/LOSS SHARING RATIO

Name of Partners	% Held
Kanwar Lal Arora	50.00
Rajat Arora	50.00
Total	100.00

Total number of Partners: 2

Profit/Loss Sharing Ratio as on: 31st March 2016

Source: As provided by the management

PARTNERS

Name	: Rajat Arora
Date of Birth	: 26 th August 1980
Current Title	: Partner and Export Head
Started with the Entity	: 1 st April 2010
Appointed to Present Position	: 1 st April 2010
Education	: Master of Business Administration
Related Experience since	: 2010
Active in Daily Operations	: Yes
Founder of the Entity	: No

Name	: Kanwar Lal Arora
Date of Birth	: 13 th July 1938
Current Title	: Partner
Started with the Entity	: 1 st April 2010
Appointed to Present Position	: 1 st April 2010
Related Experience since	: 1979
Active in Daily Operations	: Yes
Founder of the Entity	: Yes

Source: Annual report 2016 and as provided by the management

HEAD OFFICE LOCATION DETAILS

SIZE OF PREMISE : 400 Square Feet
 TYPE OF OCCUPATION : Owned
 PREMISES USED AS : Head office and Sales Office

Source: As provided by the management

FORMER PHYSICAL ADDRESS DETAILS

Near Tapadiya Fire Works
 In place of Grand International Hotel
 Station Road, Sanjay Gandhi Chowk
 Raipur
 Chhattisgarh
 India

Date of Change : 2001

Source: As provided by the management

BRANCH DETAILS

Address	Location Type	Type of Occupation	Size of Premises (Square Feet)
Saddu, Vidhansabha Road Raipur – 492 001 Chhattisgarh India	Factory	Owned	50,000

Source: As provided by the management

GROUP ENTITIES

Name of the Entity	Legal Structure	Line of Business
Kanwar Lal Arora (HUF)	Hindu Undivided Family	-
Arora Paper Product	Partnership Firm	Manufacturer of Paper Boxes
Bharat Industries	Partnership Firm	Manufacturer of Paper Boxes

Source: Annual report 2016 and as provided by the management

OTHER INFORMATION

There are instances of delays in depositing of Employees' Provident Fund by the Entity as mentioned below:

Date of Credit	Amount	Actual Due Date
17-11-2014	10,025.00	15-10-2014
17-11-2014	9,814.00	15-09-2014
17-11-2014	10,667.00	15-08-2014
17-11-2014	7,253.00	15-07-2014
17-11-2014	9,160.00	15-06-2014
17-11-2014	11,921.00	15-05-2014

Source: Tax audit report for FY 2015

KEY OBSERVATIONS

✓ **Experienced management**

The Entity is managed by Kanwar Lal Arora, partner, who has an experience of more than 38 years in the related field. This relevant experience facilitates networking and business decision making.

✓ **Declining and low profitability and returns coupled with high dependence on non-operating income**

Though the revenue of the Entity increased during the review period, margins at operating & net levels declined in FY 2016. This was caused primarily due to fluctuation of cost of materials and finished goods consumed as a percentage of revenue. Return on tangible networth and return on capital employed has declined on back of its declining profit and same stood at 0.81% and 4.50% as on 31st March 2016. Moreover, the Entity has high dependence on non-operating income. The Entity would incur losses at net level without the same.

KEY RATIOS			
Year	FY 2014	FY 2015	FY 2016
Operating Profit Margin (%)	8.63	5.83	3.92
Net Profit Margin (%)	0.77	0.66	0.46
<i>Net Profit Margin (%) (without non-operating income)</i>	<i>(0.14)</i>	<i>(2.88)</i>	<i>(0.85)</i>
Return on Tangible Networth (%)	1.90	1.26	0.81
<i>Return on Tangible Networth (%) (without non-operating income)</i>	<i>(0.34)</i>	<i>(5.51)</i>	<i>(1.49)</i>
Return on Capital Employed (%)	9.09	8.41	4.50

✓ **Moderate debt-to-equity ratio and modest interest coverage**

The Entity had a high debt-equity ratio of 1.04 times as on 31st March 2016 due to high dependence on external funds. The interest coverage ratio of the Entity stood at 1.10 times in FY 2016 indicating the Entity's ability to generate modest returns in order to meet its interest obligation.

✓ **Need to improve working capital management**

Current ratio and quick ratio of the Entity stood at 1.85 times and 0.32 times respectively in FY 2016, thereby indicating moderate short term liquidity position. Short term solvency indicates the Entity's ability to serve its near term obligations.

Moreover, receivables and inventory together constituted 94.21% of current assets of the Entity for FY 2016 indicating high amount of working capital locked in inventory and receivables thereby putting pressure on the liquidity of the Entity.

✓ **Foreign exchange currency rate fluctuation risk**

The Firm caters to international markets also thus exposing itself to foreign exchange fluctuation risk. Movements in exchange rates are influenced by various macro factors like demand / supply of the foreign currency, domestic inflation, deterioration in the financial condition of other economies, etc. Most of these factors are hard to predict leading to volatility in exchange rates. Though, imports could serve as a natural hedge, the ability of the Company to maintain that hedge on consistent basis and, further, hedge the balance unhedged exposure via derivatives, amidst volatile exchange rates, remains critical.

ANNEXURE I – FINANCIAL STATEMENTS

FISCAL BALANCE SHEET AS ON 31 ST MARCH 2016 (INR in thousand)			
Cash and Bank	468	Accounts Payable	3,988
Inventory	10,046	Bank Loans	2,198
Deposit-Short Term	78	Due to Customers	233
Accounts Receivable	1,456	Other Payables / Accruals	192
Other Receivables	14		
Prepayments	59		
Other Current Assets	78		
TDS and Advance Tax	10		
TOTAL CURRENT ASSETS	12,209	TOTAL CURRENT LIABILITIES	6,611
Land and Buildings	1,302	Loans Unsecured	2,916
Plant and Equipment	1,722	Loans Hire Purchase	303
Transportation Vehicles	416	Bank Loans	365
Furniture, Fixtures and Fitting	17	TOTAL NON-CURRENT LIABILITIES	3,584
Office Equipment	28	Capital	5,584
Other Fixed Assets	19		
Computers	66		
TOTAL FIXED ASSETS	3,570	TOTAL CAPITAL	5,584
TOTAL ASSETS	15,779	TOTAL LIABILITIES AND EQUITY	15,779

PROFIT AND LOSS ACCOUNT (Figures in INR thousand)			
For the year ended	31-Mar-14	31-Mar-15	31-Mar-16
Number of months	12	12	12
	Fiscal	Fiscal	Fiscal
Revenue	6,476	8,674	9,772
Less: Cost of Revenue	(5,214)	(7,243)	(7,617)
Gross Profit	1,262	1,431	2,155
Other Operating Income*	-	42	-
General Operating Expenses	(256)	(405)	(1,191)
Depreciation	(447)	(562)	(581)
Net Operating Profit after Depreciation and before Interest	559	506	383
Other Non-Operating Income**	59	307	128
Total Finance Expenses	(568)	(756)	(466)
Net Profit before Tax and Extraordinary Items	50	57	45
Plus Retained Earnings B/F	-	50	107
Retained Earnings C/F	50	107	152

Accounts are audited by M. Kant & Company, Chartered Accountants

* Other Operating Income pertains to die design film received

**Other non-operating income includes of interest on CSEB (Chhattisgarh State Power Generation Company Limited), interest from subsidy, insurance claim, design charges, carting charges and packing and forwarding

KEY RATIOS			
	FY 2014	FY 2015	FY 2016
GROWTH RATIOS			
Revenue Growth (%)	-	33.94	12.66
Net Profit Growth (%)	-	14.00	(21.05)
LIQUIDITY RATIOS			
Quick Ratio (Times)	0.38	0.30	0.32
Current Ratio (Times)	1.41	2.05	1.85
SOLVENCY RATIOS			
Interest Coverage Ratio (Times)	1.09	1.08	1.10
Current Liabilities to Inventory (%)	96.90	57.65	65.81
Current Liabilities to Tangible Networth (%)	120.94	79.24	118.39
LEVERAGE			
Total Debt Equity Ratio (Times)	1.58	1.13	1.04
Total Liabilities to Tangible Networth (%)	201.52	148.74	182.58
Fixed Asset to Tangible Networth (%)	130.39	86.69	63.93
EFFICIENCY RATIOS			
Collection Period (Days)	62	25	54
Revenue to Inventory (Times)	1.97	1.39	0.97
Assets to Revenue (%)	122.73	130.14	161.47
Revenue to Net Working Capital (Times)	4.89	2.31	1.75
Accounts Payable Days	143	28	156
PROFITABILITY RATIOS			
Gross Profit Margin (%)	19.49	16.50	22.05
Operating Profit Margin (%)	8.63	5.83	3.92
Net Profit Margin (%)*	0.77	0.66	0.46
Return on Tangible Networth (%)*	1.90	1.26	0.81
Return on Capital Employed (%)	9.09	8.41	4.50
Return on Fixed Assets (%)	1.45	1.45	1.26
Return on Total Assets (%)	0.63	0.50	0.29

* The ratios have been calculated on PBT (Profit before tax)

GLOSSARY OF KEY RATIOS AND THEIR COMPUTATION

KEY FINANCIAL RATIOS	DESCRIPTION
GROWTH RATIOS	
Revenue Growth (%)	% change in revenue in the current year over the previous year
Net Profit Growth (%)	% change in net profit in the current year over the previous year
LIQUIDITY RATIOS	
Quick Ratio (Times)	$(\text{Current Assets} - \text{Inventory} - \text{Prepaid Expenses} - \text{Unbilled revenue}) / \text{Current Liabilities}$
Current Ratio (Times)	$\text{Current Assets} / \text{Current Liabilities}$
SOLVENCY RATIOS	
Interest Coverage Ratio (Times)	$\text{Earnings before Interest and Tax} / \text{Interest Expenditure}$
Current Liabilities to Inventory (%)	$(\text{Current Liabilities} / \text{Inventory}) * 100$
Current Liabilities to Tangible Network (%)	$(\text{Current Liabilities} / \text{Tangible Network}) * 100$
LEVERAGE	
Total Debt Equity Ratio (Times)	$\text{Total borrowings (Long term + Short term)} / \text{Tangible Network}$
Total Liabilities to Tangible Network (%)	$\{(\text{Current Liabilities} + \text{Non-Current Liabilities}) / \text{Tangible Network}\} * 100$
Fixed Asset to Tangible Network (%)	$(\text{Fixed Assets} / \text{Tangible Network}) * 100$
EFFICIENCY RATIOS	
Collection Period (Days)	$\text{Accounts Receivable} / \text{Net Revenue} * 365$
Revenue to Inventory (%)	$(\text{Net Revenue} / \text{Inventory}) * 100$
Assets to Revenue (%)	$\{(\text{Current Assets} + \text{Other tangible Assets}) / \text{Net Revenue}\} * 100$
Revenue to Net Working Capital (Times)	$\text{Net Revenue} / \text{Net Working Capital}$
Accounts Payable (Days)	$\text{Accounts Payable} / \text{Total Purchases} * 365$
PROFITABILITY RATIOS	
Gross Profit Margin (%)	$(\text{Net Revenue} - \text{Direct Expenditure} / \text{Net Revenue}) * 100$
Operating Profit Margin (%)	$(\text{Operating Profit} / \text{Net Revenue}) * 100$
Net Profit Margin (%)	$(\text{Net Profit after Tax} / \text{Net Revenue}) * 100$
Return on Tangible Network (%)	$(\text{Net Profit after Tax} / \text{Tangible Network}) * 100$
Return on Capital Employed (%)	$(\text{Earnings before Interest and Tax} / \text{Capital Employed}) * 100$

Return on Fixed Assets (%)	$(\text{Net Profit after Tax} / \text{Fixed Assets}) * 100$
Return on Total Assets (%)	$(\text{Net Profit after Tax} / (\text{Current Assets} + \text{Other Tangible Assets})) * 100$

OTHER KEY FINANCIAL TERMS	
Direct Expenditure	Cost of material consumed or traded, salaries & wages, freight inward, job work charges, royalties/technical fees and other expenses directly related to manufacturing / rendering of services.
Operating Profit	Measure of profit or loss earned / incurred after charging all direct expenses plus indirect expenses from revenue and other operating income pertaining to core business activities. Taken as EBIT – non operating income.
Net Profit	Measure of net profit or loss earned / incurred after considering all incomes and expenses including interest expenditure and taxes.
Working Capital	Current Assets- Current Liabilities
Tangible Networth	Working Capital + Other Tangible assets- Non-Current Liabilities
Capital Employed	Tangible Networth + (Long term borrowings + Short term borrowings) + Minority Interests
Total Borrowings	Long Term (secured & Unsecured) Loans + Short Term (Secured & Unsecured) Loans

CURRENCY: All amounts in this report are in local currency unless otherwise stated.

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