



## Rating Rationale

Aadarsh Private Limited

26 September 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 10.50 Cr of Aadarsh Private Limited.**

### Particulars

Facility Rated	Rating Amount (Rs. Crs)	Tenure	Rating ^
SODH (Fund Based)	7.00	Long Term	<b>BWR BB-</b> (Pronounced BWR Double B Minus) <b>(Outlook-Stable)</b>
Bank Guarantee (Non - Fund Based)	1.50	Short Term	<b>BWR A4</b> (Pronounced BWR A Four)
Letter of Credit (Non - Fund Based)	2.00		
<b>Total</b>	<b>10.50</b>	<b>(INR Ten Crores Fifty Lakhs 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 audited financial results up to FY16, provisional financials of FY17, projected financials of **Aadarsh Private Limited** up to FY18, publicly available information and information/clarifications provided by the company's management.

The rating draws strength from the experience of the promoters, long track record of the company, diversified product portfolio, adequate analysed net worth, established distribution network with reputed customer base and comfortable debt coverage ratios. However, the rating is constrained by thin net profit margins & operating profit margins, high receivables which stresses the liquidity and completion faced by the sector from various other media.

### Key Rating Drivers:

#### Strengths

#### Experienced management:

26 September 2017



Promoters of the company have over two decades of experience in the printing, packaging, publishing and stationery industry and the company has had a successful track record in the business.

### **Technological Innovations**

Mr Manish Rajoria has created products that cater to the special needs of the visually challenged population and people suffering from various levels of Dyslexia.

### **Moderate financial risk profile:**

Aadarsh Private Limited's financial risk profile is moderate supported by company's moderate analysed net worth and low gearing.

### **Reputed Clientele with strong order book position:**

A major portion of Aadarsh's clientele includes Government entities like 'LIC of India', 'Times of India', UNICEF (Bhopal), State Bank of India, to name a few. The company has a strong order book position of Rs. 20 Cr.

### **Weaknesses**

#### **Modest scale of operations:**

The total operating income of the company has improved from Rs. 27.90 Cr in FY16 to Rs. 31.35 Cr in FY17.

#### **Thin profitability margins:**

The company has low net profit margin on account of input costs. Their net profit margin stands at 4.66% in FY17 .

Going forward, the ability of the company to improve revenues, profitability margins and manage liquidity would be the key rating sensitivities.

### **Rating Outlook: Stable**

BWR believes that **Aadarsh Private Limited's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**



Aadarsh Pvt Ltd was established on 30th January 1990. It is classified as a private unlisted company and is registered at Registrar of Companies, Bhopal. Aadarsh is a 27 year old printing packaging and publishing company. Directors of Aadarsh Pvt Ltd are Mr. Ashish Rajoria and Mr. Manish Rajoria. Aadarsh Pvt Ltd provides an assortment of publishing services. They provide publishing, printing, animation and licensing services. They also offer printing services to publishers and corporates in more than 25 countries.

They have two printing plants with fully automated digital printing facility that takes care of entire process from pre-press to packaging.

The company has recently started a franchise of Pre-Schools in Jaipur, Bhopal and Korba and is in the process of setting up the same in Delhi and Bangalore through its subsidiary

### Company Financial Performance

Parameters (Rs. Crs)	FY16 (A)	FY17(P)
Total operating income	27.90	31.35
EBIDTA	2.62	3.98
Profit after tax (PAT)	0.60	1.46
Net worth	11.90	13.13
Current ratio	1.33 times	2.19 times

**A: Audited, P: Provisional**

The EBIDTA of the company has improved from Rs. 2.62 Cr in FY16 to Rs. 3.98 Cr in FY17. However, net profit margin of the company stood at 2.15% in FY16, which has improved to 4.66% in FY17.

### Rating History for the last three years: (including withdrawn/suspended ratings)

Instrument/ Facility	Current Rating (Year 2017)			Rating History		
	Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
<b>Fund Based</b>	<b>Long Term</b>	<b>7.00</b>	<b>BWR BB- (Stable)</b>	Nil	Nil	Nil
<b>Non -Fund Based</b>	<b>Long / Short Term</b>	<b>3.50</b>	<b>BWR A4</b>	Nil	Nil	Nil
<b>Total</b>		<b>10.50</b>	<b>(INR Ten Crores Fifty Lakhs Only)</b>			



## Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
Vipula Sharma Deputy General Manager <a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
	Relationship Contact
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

### For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

### 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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

### DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.