

Rating Rationale

Brickwork Ratings assigns ‘BWR BB+’ Rating for Bank Loan facilities aggregating ₹ 33.50 Cr of Arihant Publications India Limited

Brickwork Ratings (BWR) has assigned the following **Rating¹** for Bank Loan facilities of Arihant Publications India Limited (“APIL” or “the company”):

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based:			
Cash Credit	20.00	Long Term	BWR BB+ (BWR Double B Plus) Outlook: Stable
Term Loan ¹	13.50		
Total	33.50	INR Thirty Three Crores Fifty Lakhs Only	

BWR has essentially relied upon the audited financial statements upto FY14, provisional financial statements for FY15, projected financial statements for FY16 and information/clarifications provided by the Company.

The rating draws strength from the extensive experience of the promoters, strong brand image of Arihant Group, significant revenue growth in FY 14 and FY15, improvement in interest coverage indicators and equity infusion in FY15. The rating is constrained by low profit margins, presence in a highly fragmented and competitive industry, and substantial increase in long term debt availed for company’s capital expenditure programme.

Background:

APIL was incorporated in the year 2005 at Meerut, Uttar Pradesh. It is a part of the Arihant Group which is a reputed publishing house. APIL is a publisher of books for Competitive exams such as IAS, PCS, NDA, CDS, CAT, MAT, Bank PO, GATE etc. and has more than 1600 active titles in circulation. It has 25 offices in various parts of India to ensure an efficient supply chain pan-India. Other entities under the Arihant Group are Arihant Prakashan, Arihant Media Promoters, Arihant Edu Web Pvt Ltd, Arihant Print Solutions.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management Profile:

APIL is a family managed business. The three directors of the company are Mr Deepesh Jain, Mr Reetesh Jain and Mr Parvesh Jain. This team is responsible for strategy and operations for the entire Arihant group.

Financial Performance:

As per FY14 audited financial statements, APIL reported Total Operating Income of Rs. 102.31 Crs, and Profit after Tax (PAT) of Rs. 0.46 Crs. Tangible Networth as at 31st March 2014 was Rs. 11.39 Crs.

As per FY15 provisional financial statements, APIL reported Total Operating Income of Rs. 231.67 Crs.

Rating Outlook:

The outlook for the Company is expected to be stable over the next twelve months. Going forward, ability of the company to achieve its projected revenue, successfully penetrate new markets, improve profitability and further improve debt coverage indicators will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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