

Rating Rationale

Arihant Publications India Ltd.

20th July, 2017

Brickwork Ratings reaffirms ratings for the Bank Loan Facilities of Arihant Publications India Ltd.

Particulars

Facility Rated	Previous Amount (Rs. Crs)	Current Review Amount (Rs. Crs)	Tenure	Previous Rating	Current rating
Fund Based Cash Credit	35.00	40.00	Long Term	BWR BB+ (outlook : stable)	BWR BB+ (Pronounced as BWR Double B Plus) [Outlook : Stable] Reaffirmed
Fund Based Term Loan(o/s)	10.75	8.36			
Total	45.75	Rs 48.36 Crores (INR Forty Eight Crore and Thirty Six Lakh Only)			

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings.

Long Term Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The assigned rating derives comfort from promoters' extensive experience in text book publishing, as well as support from the Arihant group, y-o-y growth in revenues, improvement in conversion cycle and moderate debt protection metrics. However, the rating is constrained by low and declining net profit margins and high reliance on unsecured borrowings to fund capital requirements, resulting in high gearing ratios, besides higher expenses on account of interest paid on such loans.

Rating Outlook: Stable

BWR believes the *Arihant Publications India Ltd.*'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

Arihant Publications India Private Limited (APIL or 'the company') was incorporated in 2005 at Meerut. The company was converted into a closely held public limited company in the year 2011 and renamed Arihant Publications India Limited (APIL). APIL is a part of Arihant group which was established in 1997 by Mr Yogesh Jain, and includes other entities under Arihant Group i.e.



Arihant Prakashan, Arihant Media Promoters, Arihant Edu Web Pvt. Ltd. and Arihant Print Solutions. The group is engaged in publishing books for IIT, JEE, Polytechnic, CBSE and the group has over 1800 active titles related to IAS, PCS, NDA, CDS, CAT, MAT, Bank PO, GATE, Board Exams and other general reading books and a pan India network.

Company Financial Performance

Total operating income has improved from Rs 259.66 crore in FY16 to Rs 325.00 crore as per FY17 provisional financial data. However, PAT declined from Rs 1.65 crore in FY16 to Rs 1.00 crore as per FY17 provisional financial data.

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1.	Cash Credit	Long Term	40.00	BWR BB+ (Outlook Stable)	BWR BB+	BWR BB+	NA
2.	Term Loan(o/s)		8.36				
			Rs 48.36 Crores (INR Forty Eight Crore and Thirty Six Lakh Only)				

Status of non-cooperation with previous CRA (if applicable) – NA

Any other information – NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

Analysts	Media
Ashwini Mital Sr. G. M.	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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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 Investors queries can be sent to 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.