



## Rating Rationale

Keshav Publication Pvt Ltd

8 Feb 2018

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 8.63 Crores of Keshav Publication Pvt Ltd.**

### Particulars

Facility	Type	Amount (₹ Crs)	Tenure	Rating*
Cash Credit	Fund Based	7.50	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable
Term Loan		1.01		
Bank Guarantee	Non Fund Based	0.12	Short Term	BWR A4+ (Pronounced as A Four Plus)
<b>Total</b>		<b>8.63</b>	<b>INR Eight Crores Sixty Three 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 Keshav Publication Private Limited (KPPL) Audited Financial Statements from FY15 to FY17 and projected financial statements for FY 18 & FY19, publicly available information and information / clarification provided by the KPPL management.

The rating draws strength from the Promoters Experience in Industry and Long track record of Operations, Increasing Profitability, Improving Inventory Days. The rating is however constrained by Presence in highly competitive and fragmented industry, Static Revenues.

Going forward, the Company's ability to improve revenues and profitability, achievement of projected figures, maintaining lower gearing ratio and efficient utilisation of inventory will be the key rating sensitivities.

### Description of Key Rating Drivers

- **Credit Strengths:**

**Promoters Experience in Industry & Long Track Record of Operations:** KPPL was promoted by the Directors Mr. Amit Bansal & Mr. Varun Bansal with experience of 15 Years & 10 Years respectively in the business of printing & publications. KPPL has a proven track record of operations from the past 14 Years.



**Increasing Profitability:** Despite of Static Revenues, KPPL is registering a increase in profitability in terms of both Net Profit Margin which is increased from 1.61% in FY15 to 2.16% in FY16 and further to 2.55% in FY17 and ROCE has grown from 11.24% in FY15 to 12.22% in FY17.

**Improving Inventory Holding Days:** Despite of seasonal nature of business, KPPL due to proper planning and effective utilisation of production capacity, Average Inventory holding days of KPPL has come down 261 Days in FY15 to 258 Days in FY16 and further to 237 Days in FY17.

- **Credit Risks:**

**Presence in highly competitive and fragmented industry:** KPPL is present in the industry of Printing & Publications which is highly fragmented, facing intense competition from both organised and unorganised players as well, which limits the pricing flexibility.

**Static Revenues:** KPPL Revenues are almost static by registering a very nominal growth rate of 9.09% in FY16 and 4.11% in FY17.

### **Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### **Rating Outlook: *Stable***

BWR believes the **Keshav Publication Pvt Ltd** 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**

Keshav Publications Private Limited (KPPL) was incorporated in 2003 in the line of publishing books and manufacturing of various stationery items under the brand names of PASSION, PREMIUM, POPULAR, PIONEER and ANANYA. It was promoted and successfully led by the Directors Mr. Amit Bansal & Mr. Varun Bansal who has an experience of 15 Years & 10 Years respectively in the business of printing & publications.

### **Company Financial Performance**

KPPL reported PAT of ₹0.69 Cr with Revenues of ₹27.09 Cr for FY17. KPPL Gearing ratio stood at 2.49 Times, ISCR and DSCR stood at 1.71 Times and 1.63 Times respectively for FY17. KPPL also registered a nominal increase of revenues by 4.11% in FY17 when compared to that of FY16.



### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	8.51	<b>BWR BB (Outlook: Stable)</b>	NA	NA	NA
2.	Non Fund Based	Short Term	0.12	<b>BWR A4+</b>	NA	NA	NA
	<b>Total</b>		<b>8.63</b>	<b>INR Eight Crores Sixty Three Lakhs Only</b>			

**Status of non cooperation with Previous CRA : Non Applicable**

**Any other information: Non Applicable**

### Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	27.15	26.02
EBITDA	₹ Cr	3.90	3.93
PAT	₹ Cr	0.69	0.56
Tangible Net worth	₹ Cr	6.94	6.25
Total Debt/Tangible Net worth	Times	2.49	3.11
Current Ratio	Times	1.73	1.78

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)



- [Short Term Debt](#)

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**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](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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

**DISCLAIMER**

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