



Rating Rationale

Ratan Prakashan Mandir

17 July 2018

Brickwork Ratings downgrades the ratings for the enhanced bank loan facilities of ₹ 18.00 Crores of Ratan Prakashan Mandir

Particulars

Facilities*	Previous Limit (₹ Crs)	Present Limit (₹ Crs)	Tenure	Previous Rating ¹	Present Rating ¹
Fund Based:					
Open Cash credit	14.00	17.00	Long Term	BWR BB- (pronounced as BWR Double B minus) Outlook:stable	BWR D (pronounced as BWR Single D)
ODBD (sublimit of OCC)	(7.00)	(12.00)			
Non Fund Based:					
Bank Guarantee/ ILC	1.00	1.00	Short Term	BWR A4 (pronounced as BWR A Four)	BWR D (pronounced as BWR Single D)
Total Amount Rated	15.00	18.00	(INR Eighteen Crores Only)		

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

Ratings: Downgraded

Brickwork Ratings downgrades the ratings of **BWR BB-/A4 to BWR D** for the enhanced bank loan facilities of ₹ 18.00 Crores of Ratan Prakashan Mandir.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the firm's audited financial results up to FY17, provisional statements for FY18, projected financial statements for FY19 & FY20, publicly available information and information/clarifications provided by the management.

The rating has factored inter-alia, experience of the proprietor in the publishing industry for more than 5 decades, its established track record of operations with renowned brand name in the region, group support, growth in revenue & profitability and improved net worth. However, the rating is constrained by inability to meet its debt obligations in a timely manner, high gearing, low net cash accruals to total debt, slightly stretched operating cycle, inherent seasonality of revenues and working capital intensive nature of business.

Going forward ability of the firm to meet its debt obligations in a timely manner, to improve its gearing, to maintain customer relationship and to manage its working capital efficiently will be the key rating sensitivities.



Description of Key Rating Drivers

Credit Strengths:

Track record of Promoters: Ratan Prakashan Mandir is a first generation publishing house in the region and has been in the industry for more than 5 decades.

Net worth: Net worth of the firm stood at Rs. 5.74 crs for FY17 as against Rs. 4.47 crs in FY16.

Consistent growth in operating revenue and profit level: Operating income for FY17 was at Rs. 72.62 crs while PAT was at Rs. 0.76 against Rs. 58.81 crs and Rs. 0.52 crs respectively in FY16. As per provisional statement for FY18, sales revenue was at Rs. 71.94 crs.

Presence in domestic Market: Activities of the firm are being carried out through its various branches spread throughout the northern region. It operates from Agra, Gorakhpur, Jaipur, Meerut, Lucknow, Kanpur and Delhi.

Credit Risks:

High Gearing: High Gearing ratio Y-O-Y with DE ratio for FY17 was at 4.68 times as against 5.37 times in FY16.

Stagnant debt protection matrix: Firm's Debt protection matrix has been stagnant with ISCR for FY17 at 1.14 times as against 1.15 times in FY16 and 1.14 times in FY15.

Inability to meet its debt obligations in a timely manner: The company has been unable to meet its interest dues in a timely manner with overdues in OCC account .

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 that **Ratan Prakashan Mandir'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 Firm

Ratan Prakashan Mandir was established as a proprietary concern during 1956 at Agra, Uttar Pradesh for publication of educational books and literacy materials from nursery till graduation level. RPM publishes books under the brand name of "Vikas". It also provides other related services of publishing previous exam question & solution books for college students. The business is operated from various branches located at Kanpur, Lucknow, Delhi, Meerut, Gorakhpur etc. RPM has employed 40 administrative staff and 260 agents approx., for carrying out its operations.

Management:

Ratan Prakashan Mandir being a proprietorship firm is fully owned by Mr. Prem Chand Jain. He has been in the industry of publication & printing for more than 5 decades.



Firm's Financial Performance:

Operating revenue in FY17 was at Rs. 72.62 crs as against Rs. 58.81 crs in FY16. Sales revenue as per provisional stt for FY18 was at Rs. 71.94 crs. Operating profit margin for FY17 was at 7.98 percent as compared to 7.58 percent in FY16.

Key Financial Indicators

Key Parameters	Units	2017	2016
Operating Revenue	Crores	72.62	58.81
EBITDA	Crores	5.79	4.46
PAT	Crores	0.76	0.52
Tangible Net worth	Crores	5.74	4.47
Total Debt/Tangible Net worth	Times	4.68	5.37
Current Ratio	Times	11.31	7.36

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: Open Cash Credit/ODBD	Long Term	17.00	BWR D	-	BWR BB- (outlook stable)	-
2	Bank Guarantee/IL	Short Term	1.00	BWR D	-	BWR A4	-
	Total		18.00	₹ Eighteen Crores Only			

Hyperlink/Reference to applicable Criteria

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



- **Trading Entities**

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

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.