

Rating Report

Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan facilities aggregating ₹ 23.50 Cr of Abhimaani Publications Ltd

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of ₹ 23.50 Cr of Abhimaani Publications Ltd ("APL" or "the Company"):

Bank Facilities	Total Amount in Rs.Crs	Tenure	Rating
Fund Based Limits			
Open Cash Credit (OCC)	14.50	Long Term	BWR BB- (Pronounced as BWR Double B minus) Outlook:Stable
Term Loan	4.00		
Non Fund Based Limits			
Bank Guarantee	5.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	23.50	(INR Twenty three Crores Fifty lakhs only)	

BWR has essentially relied upon the audited financial results of the company upto FY14, Provisional financials of FY15, publicly available information and information/clarifications provided by the management.

The rating draws strength from the experienced management, the established track record and brand image of the Abhimaani group and growth in revenue. These rating strengths are partially offset by the moderate scale of operations, low profitability, fragmented and competitive industry and working capital intensive operations.

Background:

Abhimaani Publications Ltd (APL) is a Bengaluru based Publishing House incorporated in March 1988. Abhimaani Publications Ltd is a part of Abhimaani Group of industries, which includes 'Abhimaani Vasathi' a business class hotel in Bengaluru, 'Abhi Vivaha' a convention hall in Bengaluru and Abimaani Concrete and Allied products, Bengaluru.

APL has state-of-the-art facilities including a Prepress and two Printing units in Rajajinagar and Peenya Industrial Estate, Bengaluru. It provides one-stop solutions for an entire range of printing jobs. APL is engaged in printing of books, newspapers, calendars, diaries, corporate brochures,

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

posters, folders, leaflets and magazines. It also provides services like designing, typesetting, high-quality scanning, image manipulation, sheet fed offset printing, heatset and coldset web offset printing, automated binding, finishing and distribution. The Company exports printed text books and stationery through the Ministry of Education (aided by the World Bank) to West Africa, the Middle East and Australia. APL publishes Ee Sanje Kannada evening daily newspaper and Aragini Kannada film tabloid. APL realizes ~80% of revenue from the Government of Karnataka. Karnataka Text book Society, Dept. Of Health & Family Welfare Services, Department of Primary and Secondary Education of Karnataka and some PSU banks are the key customers of the company.

Management:

Mr. T Venkatesh is the Managing Director of Abhimaani Publications. He has over 2 decades of experience in printing and publishing industry. Mr. Divakar Venkatesh, Mr. Purushottam Venkatesh, Mr. Srinivas Venkatesh and Mrs. Vijayalakshmi are the Directors.

Key Rating Determinants:

Experienced Management: Mr. T Venkatesh is the Managing Director of the company and has an experience of more than 20 years in the same line of business. He is supported by other Directors and a team of experienced professionals.

Established Track record and Brand Image: Abhimaani Publications has an established track record of more than two decades in this industry. The brand name "Abhimaani Publications " is well known in Karnataka.

Moderate Scale of operation: The Company has shown marginal improvement in net sales for the last four years. The Company reported Rs.42.50 Crs of net sales in FY14.

Financial Performance:

Abhimaani Publications Ltd reported Net Operating Income of Rs.42.50 Crs and Net Profit of Rs 7.52 Crs in FY14 as against Net Operating Income of Rs.34.21 Crs and Net Profit of Rs.0.14 Crs in FY13. PAT in FY14 is mainly on account of non-operating income due to gain on sale of property. On a provisional basis, APL has reported Net Operating Income of Rs.43.97 Crs for FY15.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the company's ability to scale up operations profitably, achieve geographical and customer diversification in its revenue profile and ensure effective working capital management by enhancing receivables realizations shall be the key sensitivities.

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

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.

Abhimaani Publications Ltd

Annexure-I

Profit and Loss A/c

Crores	FY 12	FY 13	FY 14
Result Type	Audited	Audited	Audited
Net Sales	27.27	34.21	42.50
Total Operating Income	27.27	34.21	42.50
Raw Material Consumed	19.70	22.37	30.21
Change In Inventory (Increase)/Decrease	-1.92	0.51	0.04
Employee Cost	1.27	1.32	1.43
Manufacturing Expenses	0.28	0.30	0.23
Cost of Goods Sold	19.34	24.51	31.92
Selling, General & Admin expenses	2.82	3.32	3.63
Operating Expenses	22.16	27.83	35.54
OPBDIT	5.11	6.38	6.96
Depreciation/Amortization	2.67	2.38	2.04
OPBIT	2.44	4.00	4.91
Interest and Finance Charges	4.33	4.73	5.93
OPBT	-1.89	-0.73	-1.02
Non-Operating Income(Expenses)	1.96	1.22	10.76
PBT	0.06	0.48	9.74
Provision for Taxes	-0.14	0.35	2.22
PAT	0.20	0.14	7.52

Abhimaani Publications Ltd

Annexure-II

Balance Sheet

Crores	FY 12	FY 13	FY 14
Liabilities	Audited	Audited	Audited
EQUITY AND RESERVES	5.86	6.00	13.52
Share capital	4.99	4.99	4.99
Reserves and Surplus	0.87	1.01	8.53
Non-current liabilities	22.61	19.78	15.78
Long-Term Borrowings	21.12	18.38	14.49
Other Long Term liabilities	1.08	1.08	1.08
Current liabilities	26.39	29.20	23.70
Short-Term Borrowings	10.03	12.84	14.48
Current Portion Of Long Term Debt	3.27	3.91	1.18
Trade Payables	10.59	9.88	5.05
Other Current Liabilities	2.36	2.27	1.91
Short-Term Provisions	0.14	0.31	1.08
Total Liabilities	54.86	54.98	53.01
ASSETS			
Non-current assets	28.15	26.36	19.80
Net Fixed assets	21.73	20.28	13.83
Capital Work-In-Progress	2.99	3.19	3.19
Long Term Loans and Advances	3.38	2.84	2.78
Current assets	26.71	28.62	33.21
Inventories	5.99	10.37	17.13
Trade Receivables > Six Months	6.64	5.19	6.78
Trade Receivables < Six Months	5.79	7.15	7.26
Cash and Cash Equivalents	0.17	0.51	0.59
Short-Term Loans and Advances	8.12	5.40	1.44
Total Assets	54.86	54.98	53.01

Abhimaani Publications Ltd

Annexure-III

Key Ratios

		FY 12	FY 13	FY 14
		Audited	Audited	Audited
Tangible Net Worth	Crores	5.86	6.00	13.52
Capital Employed	Crores	40.69	41.44	43.89
Total Debt/TNW	Times	5.87	5.85	2.23
Long Term Debt/TNW	Times	3.60	3.06	1.07
TOL/TNW	Times	8.32	8.13	2.91
ISCR	Times	1.18	1.35	1.17
DSCR	Times	1.66	0.91	1.58
Net Cash Accruals/Total Debt	Times	0.08	0.07	0.31
Net Cash Accruals/Long Term Debt	Times	0.13	0.13	0.65
Net Profit Margin	%	0.74	0.40	17.70
Operating Profit Margin	%	18.74	18.65	16.37
ROCE	%	6.00	9.74	11.52
Current Ratio	Times	1.01	0.98	1.40
Days Receivables	Days	166	132	113
Days Inventory	Days	113	122	157
Days Payable	Days	178	137	74
Conversion Cycle	Days	101	117	197

(As per BWR Calculation)