

Repro Knowledgecast Private Limited

Instrument	Amount (USD Million) ¹	Rating Action August 2016
Long-Term (LT) Fund Based Limits – Term Loan	USD 2.6 million	[ICRA]BBB+(SO) (negative) / downgraded from [ICRA]A (SO) (stable)

ICRA has downgraded the long-term rating from [ICRA]A(SO) (pronounced ICRA A structured obligation)² to **[ICRA]BBB+(SO)** (pronounced ICRA triple B plus structured obligation) assigned to the USD 2.6 million term loan facility of Repro Knowledgecast Private Limited (RKPL/the company). The outlook on the long-term rating has been revised from stable to negative. Though the term loan of the company is denominated in foreign currency, ICRA's rating for the same is on national rating scale, as distinct from an international rating scale. The letters SO in parenthesis suffixed to a rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

The rating takes into consideration an unconditional, irrevocable and continuing corporate guarantee extended by Repro India Limited (RIL, rated [ICRA]BBB+ (Negative)/ [ICRA]A2) for the term loan facilities of RKPL. The rating addresses the servicing of the loan to happen as per the terms of the underlying loan documentation and the guarantee arrangement. The rating assumes that the guarantee will be duly invoked in case there is a default in payment by the borrower.

Company Profile

Incorporated in 2009, RKPL is a fully owned subsidiary of RIL and caters to the Print on Demand (POD) segment for RIL, where the company is able to print short runs for books (1 – 1,500) economically. The company's manufacturing unit is located at Bhiwandi in Maharashtra. The total cost for the machinery was ~Rs. 16.0 crore, which was funded by term loan of USD 2.6 million and promoter's contribution of Rs. 3.2 crore. The operations of the plant commenced in the fourth quarter of 2012-13.

Guarantor Company Profile

RIL) was incorporated on April 1, 1993. The company was closely held until 2005. The company went for an IPO (Initial Public Offering) in November 2005 wherein 25% of its shares were offered to the public. RIL is an integrated print based house and a provider of value-added printing solutions. RIL is engaged in end-to-end printing services like content creation, design and layout, database management, printing, packaging, warehousing, and dispatch to last mile. RIL has three operational printing units at Navi Mumbai, Surat and Chennai. The Surat unit is aimed at exports and as the unit is just about 250 km from the Mumbai port, it has lower transit time. RIL currently exports mainly to 22 African countries, Europe and the US. The ratings of RIL have factored in the financial profile of the Repro Group on consolidated basis, including the debt of RKPL.

Recent Results

For the financial year ending March 31, 2016, RKPL reported a loss of Rs. 0.67 crore on an operating income of Rs. 14.64 crore (unaudited) as against a profit of Rs. 0.21 crore on an operating income of Rs. 5.22 crore in the same period last year

For the financial year ending March 31, 2016, RIL reported a loss of Rs. 9.5 crore on an operating income of Rs. 384.44 crore as against a profit of Rs. 19.04 crore on an operating income of Rs. 401.95 crore in the same period last year.

August 2016

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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