

Repro Books Limited

January 17, 2019

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-Term/ Short-Term Non-Fund Based Working Capital Facilities	10.00	[ICRA]BBB(SO) (Positive)/ [ICRA]A3+(SO); Assigned
Long-Term/ Short-Term Interchangeable	(10.00)	[ICRA]BBB(SO) (Positive)/ [ICRA]A3+(SO); Assigned
Total	10.00	

*Instrument details are provided in Annexure-1

Rationale

The assigned ratings take into account the unconditional and irrevocable corporate guarantee by the parent company, Repro India Limited ([ICRA]BBB (Positive)/[ICRA]A3+) for the Rs. 10 crore bank facilities of Repro Books Limited (RBL) and an undertaking from the guarantor to ensure that the debt obligations are serviced on or prior to the due date, irrespective of the invocation of the guarantee by the beneficiary.

Outlook: Positive

ICRA believes RBL would continue to benefit from the strong parentage and industry experience of Repro India Limited. The outlook may be revised if there is a change in outlook of the guarantor, Repro India Limited (Repro).

Key rating drivers

The ratings are principally based on the strength of the unconditional and irrevocable corporate guarantee extended by the parent company, i.e. Repro, and an undertaking provided by Repro that it would ensure that the related debt obligations are serviced on or prior to the due date, for the entire bank facilities of RBL. The ratings address the servicing of the bank lines to happen as per the terms of the underlying sanction letter and the guarantee arrangement and assume that the guarantee will be duly invoked, as per the terms of the underlying sanction letter and guarantee agreements, in case there is a default in payment by the borrower.

Liquidity Position:

The liquidity profile of Repro (guarantor) has improved in FY2018 and H1 FY2019 with improvement in receivables position and higher operating profits. The company also recovered Rs. 26 crore security deposits in FY2018 provided earlier to its promoters for renting the office premises which supported the cash flows during the fiscal. Further, the company's working capital utilisation has improved in recent months.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Approach for rating debt instruments backed by third-party explicit support
Parent/Group Support	The assigned ratings are based on unconditional, irrevocable corporate guarantee extended by Repro Books Limited's parent company – Repro India Limited.
Consolidation / Standalone	The ratings are based on the standalone financial profile of the company.

About the company:

Incorporated in April 2009, Repro Books Limited (formerly Repro Knowledgecast Limited) is a wholly-owned subsidiary of Repro India Limited. The company handles the 'Print on Demand' (PoD) business where by it offers short-run digital printing services (i.e. printing books in small batches) to publishers thereby allowing them to minimise their inventory and undertakes one-book printing under its 'Books on Demand' model for selling titles online on e-commerce platforms such as Amazon, Flipkart, and Paytm. The company has a printing facility in Bhiwandi with a capacity of ~12,000 books per day and is planning to open two new facilities in Delhi and Bangalore which are expected to commence operations by early FY2020.

Key financial indicators – Repro Books Limited (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	29.3	68.2
PAT (Rs. crore)	-3.9	-6.4
OPBDIT/OI (%)	0.0%	-3.7%
Total Debt/TNW (times)	-2.6	-2.1
Total Debt/OPBDIT (times)	-10940	-16.5
Interest coverage (times)	0.0	-1.0

About the guarantor:

Incorporated in April 1993 as a public limited company, Repro India Limited (Repro) provides integrated print solutions to publishers and corporations. Repro's business segments include traditional printing (education books/materials) corporate printing (annual reports etc.) and RAPPLES (Repro Applied Learning Solutions). The company has two subsidiaries named Repro Innovative Digiprint Limited (closed down in H1 FY2019) and Repro Books Limited (erstwhile Repro Knowledgecast Private Limited). The PoD business segment of Repro is housed under Repro Books Limited. All the companies are owned and managed by the Vohra family.

For the detailed rating rationale on Repro India Limited, please refer to this [link](#).

Key financial indicators – Repro India Limited (Consolidated - audited)

	FY2017	FY2018
Operating Income (Rs. crore)	321.5	324.1
PAT (Rs. crore)	-0.6	16.4
OPBDIT/OI (%)	7.8%	12.0%
RoCE (%)	3.5%	7.4%
Total Debt/TNW (times)	1.5	0.6
Total Debt/OPBDIT (times)	9.5	3.7
Interest coverage (times)	1.6	3.0

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)					Chronology of Rating History for the Past 3 Years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
				Jan 2019	-	-	-
1 Non-Fund Based Limits	Long Term/Short Term	10.00	-	[ICRA]BBB(SO) (Positive)/[ICRA]A3+(SO)	-	-	-
2 Inter-changeable Limits	Long Term/Short Term	(10.00)	-	[ICRA]BBB(SO) (Positive)/[ICRA]A3+(SO)	-	-	-

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Bank Guarantee*	NA	NA	NA	10.00	[ICRA]BBB(SO) (Positive)/ [ICRA]A3+(SO)
NA	Overdraft Facility	NA	NA	NA	(10.00)	[ICRA]BBB(SO) (Positive)/ [ICRA]A3+(SO)

Source: Repro Books Limited; *inter-changeable with fund based limits

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