

March 06, 2014

CARE ASSIGNS 'CARE BBB-' AND 'CARE A3' RATING TO THE BANK FACILITIES OF TAXMANN PUBLICATIONS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	3	CARE BBB- (Triple B Minus)	Assigned
Short-term Bank Facilities	2	CARE A3 (A Three)	Assigned
Total	5		

Rating Rationale

The ratings assigned to the bank facilities of Taxmann Publications Private Limited (TPL) draw comfort from the promoters' extensive experience in the publication sector coupled with the established track record of operations and established marketing network. The ratings are further supported by the reputed brand name, comfortable capital structure and moderate coverage indicators. Also, the ratings assigned take support from the group's presence across the value chain in the print and publishing industry.

The ratings are, however, constrained by the medium scale of operations as the operations are limited to niche segment, low profitability margins, elongated operating cycle, risk associated with obsolescence of inventory and competitive nature of the industry.

The ability of TPL to increase its scale of operations along with improvement in its profitability margin shall be the key rating sensitivities. Efficient working capital management given the high collection period shall also be a key rating sensitivity.

Background

Established in 1972, Taxmann Publications Private Limited (TPL) was promoted by Mr UK Bhargava and Ms Hem Bhargava. Currently it is being managed by the directors, Mr Amit Bhargava, Mr Rakesh Bhargava and Mr Rajul Bhargava (sons of Mr UK Bhargava), who are also the present shareholders of the company. TPL is a publication house with over four decades of experience in the book publishing business on finance-related subjects like tax and corporate law, accounting, auditing, finance and management. The published books are used by students for under-graduate and post-graduate courses as well as by corporates for tax compliance purposes. TPL has a pan-India presence and sells its books through distributors, book fairs and online portals. The Taxmann group is into media and communication business and has various group entities engaged in related business like digital media, printing of books, magazines, etc. Taxmann Technology Pvt Ltd and Taxmann Allied Services Pvt Ltd are the two group concerns engaged in digital media and software development business. Tanprints India Private Limited is another group concern engaged in the printing of books and magazines and TPL outsources printing assignment to the company on job-work basis.

In FY13 (refers to the period April 1 to March 31), TPL achieved a total operating income of Rs.25.54 crore with a PAT of Rs.1.01 crore. The company achieved a total operating income of Rs.23.31 crore in 9MFY14.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

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