

December 09, 2014

Facilities	Amount (Rs. Crore)	Rating
Term Loan	4.75	SMERA B-/Stable (Assigned)
Cash Credit	2.00	SMERA B-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B-**' (**read as SMERA single B minus**) to the abovementioned bank facilities of Jagjit Publishing Company Pvt. Ltd. (JPCPL). The outlook is '**Stable**'. The rating is constrained by the unrelated diversification undertaken by the company. The rating is also constrained by the company's small operating scale in an intensely competitive segment of the printing industry. However, the rating is supported by the company's experienced management. The rating draws comfort from assured order inflows for the company.

JPCPL, established in 1988, is Mohali-based company engaged in undertaking printing of newspapers, brochures and calendars. JPCPL has diversified its operations by constructing a religious museum. Construction of the aforementioned museum was financed through a bank loan of Rs.4.75 crore, which is likely to exert significant stress on the financial risk profile of the company. JPCPL's small operating scale is reflected in revenues of Rs.9.26 crore (provisional) in FY2013-14 (refers to financial year, April 01 to March 31).

JPCPL benefits from its experienced management. Mr. Joginder Singh, director of JPCPL, has around two decades of experience in the company's line of business. JPCPL also benefits from assured orders received from its group entity, Spokesmen Trust, which is engaged in publishing of a daily regional newspaper.

Outlook: Stable

SMERA believes the outlook on JPCPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and cash accruals. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile and liquidity position.

About the company

JPCPL, incorporated in 1988, is a Mohali-based company promoted by Mr. Joginder Singh and Mrs. Jagit Kaur. JPCPL is engaged in of printing newspapers, brochures and calendars.

For FY2012-13, JPCPL reported profit after tax (PAT) of Rs.0.12 crore on operating income of Rs.7.80 crore, as compared with net loss of Rs.0.36 crore on operating income of Rs.7.59 crore in the previous year. For FY2013-14, (as per provisional financial statements), JPCPL reported PAT of

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Rs.0.24 crore on operating income of Rs.9.26 crore. The company's net worth stood at Rs.5.01 crore as on March 31, 2013, as compared with Rs.4.89 crore a year earlier.

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