



SMERA RATINGS LIMITED

## Pamm Advertising & Marketing (PAM)

## Rating Rationale

**October 30, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Overdraft	4.50	SMERA BB/Stable (Assigned)
Bank Guarantee	3.00	SMERA A4+ (Assigned)

SMERA has assigned rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.4.50 crore long term (fund based) bank facility and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.3.00 crore short term (non-fund based) bank facility of Pamm Advertising & Marketing (PAM). The outlook is '**Stable**'. The ratings draw support from the experienced management, healthy relations with customers and suppliers, moderate financial risk profile and healthy order book. However, the ratings are constrained by the firm's low profitability profile and the competitive advertising industry that the firm operates in.

### Outlook: Stable

SMERA believes PAM will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management and healthy relations with customers and suppliers. The outlook may be revised to 'Positive' if the firm registers sustainable improvement in revenue, profitability and working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the firm's capital structure, lower than expected cash accruals or working capital management.

### About the Firm

The New Delhi based-PAM, incorporated in 1987 as a partnership firm by Mr. Sunil Chhabra and Mrs. Atiya Chhabra is an advertising agency that caters to the needs of government organisations and private players via print, digital and outdoor. PAM generates more than 90 per cent revenue from government organisations and the rest from private players. PAM is an Indian Newspaper Society (INS) accredited and Directorate of Advertising & Visual Publicity (DAVP) empanelled agency. PAM is also affiliated with the Indian Broadcasting Foundation (IBF).

The agency has presence across 27 metropolitan and non-metropolitan cities such as Delhi, Mumbai, Bangalore, Dehradun among others. For FY2014-15, PAM reported profit after tax (PAT) of Rs.0.85 crore on operating income of Rs.50.34 crore, as compared with PAT of Rs.0.58 crore on operating income of Rs.40.85 crore in FY2013-14. The firm's net worth stood at Rs.5.77 crore as on March 31, 2015 as compared with Rs.4.74 crore a year earlier.

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*Rating  
Rationale*

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