

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.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

**Contact List:**

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-011-4973 1312 <a href="mailto:parimal.thakker@smera.in">parimal.thakker@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.