

March 09, 2016

Facilities	Amount (Rs. Crore)	Rating
<b>Cash Credit</b>	<b>3.50</b>	<b>SMERA BBB-/Stable (Assigned)</b>
<b>Overdraft</b>	<b>4.31</b>	<b>SMERA BBB-/Stable (Assigned)</b>

SMERA has assigned a rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) to the Rs.7.81 crore bank facilities of RW Promotions Private Limited (RW). The outlook is '**Stable**'. The rating derives support from the company's established track record of operations, stable business risk profile, experienced management and reputed clientele. The rating also benefits from the healthy financial risk profile marked by low gearing, comfortable net worth base, healthy profitability and coverage indicators. The rating also takes into consideration efficient working capital management and comfortable liquidity position. However, the rating is constrained due to the modest scale of operations and the fragmented and competitive advertising industry that the company operates in.

#### **Outlook: Stable**

SMERA believes RW continues to benefit from its experienced management and reputed clientele. The outlook may be revised to 'Positive', in case of improvement in the scale of operations while maintaining profitability and working capital cycle. Conversely, the outlook may be revised to 'Negative', in case of deterioration in capital structure and coverage indicators or business risk profile.

#### **Rating Sensitivity Factors**

- Improvement in scale of operations while maintaining profitability
- Higher than envisaged working capital borrowings

#### **About the Company**

RW, incorporated in 2003, is a Mumbai-based company promoted by Venkatesh Srinivasan, Johnwin Manavalan, Vinayak Satpute and Rajiv Jani. The company is engaged in Below-the-line (BTL) advertising in rural areas. BTL activity includes van activations, retail marketing, human banners, mall activations, fabrication and designing, events and exhibitions among others. RW has its presence in Mumbai, Delhi, Kolkata, Bangalore, and Hyderabad.

For FY2014–15, RW reported net profit of Rs.3.67 crore on total income of Rs.40.07 crore, as compared with net profit of Rs.2.59 crore on total income of Rs.24.71 crore in FY2013–14.

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