

May 23, 2016

Facility	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA B+/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (read as **SMERA single B plus**) on the above mentioned bank facility of Yakshi Communications. The outlook is '**Stable**'. The rating derives comfort from the firm's experienced management and moderate financial risk profile. However, the rating is constrained by the high gearing, stretched liquidity position and intensely competitive advertising industry. The ratings factor in risks related to the partnership constitution of the firm.

Outlook: Stable

SMERA believes Yakshi Communications will maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the firm registers healthy growth in revenues while achieving sustained improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues, profit margins or deterioration in the financial risk profile and liquidity position.

Rating Sensitivity Factors

- Efficient working capital management
- Scalability of operations with healthy profitability

About the Firm

The Bangalore-based Yakshi Communications, an advertising agency was incorporated in 1997 by Smt. Sandhya Gangadhar and Ms. Shobhitha Rangaswamy. The firm provides advertising services for print, outdoor and electronic media apart from undertaking branding exercise for corporates. Yakshi Communications generates more than 98 per cent revenue from government organisations and the balance from private players. The firm has branches at Delhi, Chennai, Hyderabad, Bhubaneshwar and Hubli.

For FY2014 - 15, the firm reported (profit after tax) PAT of Rs.0.56 crore on operating income of Rs. 34.89 crore as compared with PAT of Rs.0.12 crore on operating income of Rs.20.67 crore for FY2013-14.

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SMERA RATINGS LIMITED

Yakshi Communications

*Rating
Rationale*

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