Press Release

Standard Publicity Private Limited (SPPL)

August 22, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 9.83 Cr.
Long Term Rating	ACUITE BB/Stable
Short Term Rating	ACUITE A4+

** Refer Annexure for details*

Rating Rationale

Acuité has assigned long-term rating of **'ACUITE BB' (read as ACUITE double B)** and short term rating of **'ACUITE A4+' (read as ACUITE A four plus)** on the Rs. 9.83 crore bank facilities of Standard Publicity Private Limited. The outlook is **'Stable'**. Standard Publicity Private Limited

Standard Publicity Private Limited (SPPL) was incorporated in the year of 1987 by Mr. Asim Kumar Sarkar and Mr. Kalyaneswar Sarkar. The company is engaged into advertising, marketing and promoting. It has head office located at Kolkata along with branch office located in Delhi, Guwahati, Bhubaneswar, Shillong and Jalpaiguri.

Key Rating Drivers

Strengths

Experienced management and reputed clientele:

SPPL has been in operations since 1987. The director of the SPPL, Mr. Asim Kumar Sarkar, and Mr. Kalyaneswar Sarkar has more three decades of experiences in advertisement and media industry. The other director, Mr. Surendranath Dhar has more than a decade experience in similar industry. This long experience led to the healthy relation with reputed clients such as National Aluminum Company (NALCO), Coal India Ltd, Damodar Valley Corporation (DVC), Income Tax Department, Kolkata Municipal Corporation, Calcutta University, Kutchina (Bajoria Appliances) among others. Company has established long relationship with their customers and suppliers spanning more than three decades. Further the company advertises in Delhi, Guwahati, Bhubaneswar and Jalpaiguri.

Above average financial risk profile:

The above average financial risk profile of the company is marked by moderate Networth, comfortable gearing and healthy debt protection metrics. The net worth of the company stood moderate at Rs.10.36 crore in FY2018 (Prov.) as compared to Rs.9.36 crore in FY2017, mainly on account of retention of current year profit. The gearing of the company stood comfortable at 0.93 times in FY2018 (Prov.) as compared to 1.03 times in FY2017. The total debt of Rs.9.65 crore consists of short-term debt of Rs.9.65. The interest coverage ratio (ICR) of the company stood comfortable at 1.98 times in FY2018 (Prov.) as compared to 1.91 times in FY2017. The net cash accruals against the total debt (NCA/TD) stand comfortable at 0.11 times in FY2018 (Prov.) and in FY2017 respectively.

Weaknesses

Working capital intensive nature of operation:

The working capital intensive nature of operations is marked by high gross current asset (GCA) days of 145 days in FY2018 (Prov.) as compared to 153 days in FY2017. The debtor days are high at 127 in FY2018 (Prov.) as compared to 139 days in FY2017. These high debtor days are mainly due to late payment realization from the Govt. departments.

Moderate scale of operation:

Though the company has started its operation since 1987, the revenue of the company stood moderate at Rs.43.00 crore in FY 2018 (Prov.) as compared to Rs.39.84 crore in FY2017. Acuité believes that the ability of the group to increase scale of operations while sustaining its profitability margins will remain a key monitorable.

Analytical Approach

Acuité has considered standalone financial and business risk profile of the company.

Outlook: Stable

ACUITÉ believes SPPL will maintain a stable outlook in the medium term owing to its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenues and cash accruals while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or deterioration of the capital structure and any deterioration in working capital management.

About the Rated Entity - Key Financials

	Unit	FY18 (Prov.)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	43.00	39.84	34.06
EBITDA	Rs. Cr.	1.60	2.01	1.86
PAT	Rs. Cr.	1.00	0.98	0.91
EBITDA Margin	(%)	3.73	5.04	5.47
PAT Margin	(%)	2.32	2.46	2.66
ROCE	(%)	10.62	14.22	29.19
Total Debt/Tangible Net Worth	Times	0.93	1.03	0.81
PBDIT/Interest	Times	3.36	2.46	2.59
Total Debt/PBDIT	Times	4.55	3.88	2.90
Gross Current Assets (Days)	Days	145	153	158

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - https://www.acuite.in/criteria-default.htm
- Financial Ratios And Adjustments - https://www.acuite.in/criteria-fin-ratios.htm
- Service Entities – https://www.acuite.in/view-rating-criteria-8.htm

Note on complexity levels of the rated instrument

https://www.acuite.in/criteria-complexity-levels.htm

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	9.65	ACUITE BB/Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.18	ACUITE A4+ (Assigned)

Contacts

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About ACUITE