Press Release

Standard Publicity Private Limited

November 09, 2020

Rating Reaffirmed

Total Bank Facilities Rated	Rs. 9.83 crore
Long Term Rating	ACUITE BB+/ Stable (Reaffirmed)
Short Term Rating	ACUITE A4+ (Reaffirmed)

** Refer Annexure for details*

Rating Rationale

Acuité has reaffirmed the long term rating of **'ACUITE BB+' (read as ACUITE double B plus)** and the 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 (SPPL). The outlook is **'Stable'**.

Incorporated in 1987, by Late Mr. Ashes Kumar Sarkar and Mr. Asim Sarkar, SPPL is a Kolkata based company engaged into advertising, marketing and promoting. It also has branch offices in Delhi, Guwahati, Bhubaneswar and Shillong. Currently, the company is managed by Mr. Kalyan Sarkar, son of Late Mr. Ashes Kumar Sarkar.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of SPPL to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management**
  Incorporated in 1987, SPPL has been in operations since then and has a long track record of operations of more than three decades in the business. The director of the company, Mr. Asim Kumar Sarkar and Mr. Kalyaneswar Sarkar, have more three decades of experiences in advertisement and media industry on the back of track record of operations. The extensive experience of promoters has helped the firm to establish long-term relations with their clients. Acuité believes GC will continue to benefit from experienced promoters that will help to maintain long term relations with clients.

- **Reputed clientele**
  The company has reputed client base such as Life Insurance Corporation of India, Eastern Coalfields Limited, University of Calcutta, Rolex, Khaitan to name a few, from diversified industries such as iron and steel industry, education sector, hospitality.

- **Comfortable financial risk profile**
  The financial risk profile of the company stood comfortable marked by moderate networth, low gearing level and comfortable debt protection metrics. The tangible networth stood at Rs 12.71 crore as on 31st March, 2020 (Provisional) as compared to Rs 11.84 crore in the previous year. The gearing (debt-equity) stood low at 0.78 times in FY 2020 (Provisional) in line with that of its previous year in FY 2019. The total debt of Rs 9.94 crore as on 31st March, 2020 (Provisional) consist of working capital borrowings of Rs 9.65 crore and balance of term loan. The coverage indicators stood comfortable marked by Interest coverage ratio (ICR) which stood at 4.35 times for FY 2020 (Provisional) as compared to 3.50 times in FY 2019 and Debt Service Coverage Ratio (DSCR) stood at 2.21 times in FY 2020 (Provisional) as compared to 2.85 in FY 2019. The financial risk profile is expected to remain at similar levels over the medium term on account of the absence of any debt funded capex plan.

Weaknesses

- **Moderate scale of operations**
  The company's revenue stood at Rs 38.50 crore in FY 2020 (Provisional) as compared to Rs 45.37 crore in the previous year. Further, the company has booked revenue of around Rs 12.00 crore for 7 months ended

October, 2020 (Provisional) and has an order of around Rs 11.00 crore to be executed by the end of this financial year. The revenue in FY 2020 declined due to a decrease in the number of orders. The ability of the company to improve its scale going forward will remain a key rating sensitivity.

- **Working capital intensive nature of operations**
  The working capital operations of SPPL stood intensive marked by GCA (Gross Current Assets) Days of 218 days in FY 2020 (Provisional) as compared to 167 days in the previous year in FY 2019. The debtor days stood high managed at 197 days in FY 2020 (Provisional) as compared to 147 days in FY 2019. Other Current Assets as on 31st March, 2020 (Provisional) stood at Rs 5.64 crore which mainly consist of Advance tax paid for Rs 5.09 crore. The working capital limits remained utilized at an average of around 66 percent for 7 months ended October, 2020. The working capital operations are expected to remain at similar levels over the medium term due to the payment terms with its clients.

Rating Sensitivity

- Improvement in operating income and profitability
- Sustained financial risk profile

Material Covenants

None

Liquidity Profile: Adequate

SPPL has adequate liquidity marked by moderate cash accruals to its maturing debt obligations. The company generated cash accruals of Rs 1.16-0.59 crore in FY 2018-2020 (Provisional) against no maturing debt obligations during the same period. The cash accruals of the company are estimated to remain in the range of around Rs. 0.47-0.86 crore during 2021-23. The working capital operations of the company are intensive marked by GCA (Gross Current Assets) Days of 218 days in FY 2020 (Provisional) as compared to 167 days in the previous year in FY 2019. The company maintained unencumbered cash and bank balances of Rs. 1.65 crore as on March 31, 2020 (Provisional). The current ratio stood at 1.71 times as on March 31, 2020 (Provisional). The working capital limits remained utilized at an average of around 66 percent for 7 months ended October, 2020. Acuité believes that the liquidity of the company is likely to remain at similar levels over the medium term.

Outlook: Stable

Acuité believes that Standard Publicity Private Limited's outlook will remain 'Stable' over the medium term from its experienced management and comfortable financial risk profile. The outlook may be revised to 'Positive' in case of growth in revenues and profitability while sustaining its financial risk profile. The outlook may be revised to 'Negative' in case of a steep decline in revenues and profitability or increasing working capital intensity.

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	38.50	45.37
PAT	Rs. Cr.	0.45	1.46
PAT Margin	(%)	1.17	3.21
Total Debt/Tangible Net Worth	Times	0.78	0.78
PBDIT/Interest	Times	4.35	3.50

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Financial Ratios And Adjustments -https://www.acuite.in/view-rating-criteria-53.htm
- Default Recognition -https://www.acuite.in/view-rating-criteria-52.htm
- Entities in Service Sector - https://www.acuite.in/view-rating-criteria-50.htm

Note on complexity levels of the rated instrument

https://www.acuite.in/view-rating-criteria-55.htm

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
19-Aug-2019	Overdraft	Long Term	9.65	ACUITE BB+/Stable (Upgraded)
	Bank Guarantee	Short Term	0.18	ACUITE A4+/Stable (Reaffirmed)
22-Aug-2018	Overdraft	Long Term	9.65	ACUITE BB/Stable (Assigned)
	Bank Guarantee	Short Term	0.18	ACUITE A4+ (Assigned)

*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	08-Jun-2020	Not Applicable	Not Applicable	9.65	ACUITE BB+/ Stable (Reaffirmed)
Bank Guarantee	08-Jun-2020	Not Applicable	Not Applicable	0.18	ACUITE A4+ (Reaffirmed)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.