



**Press Release**  
**Standard Publicity Private Limited**  
**August 08, 2023**

**Rating Downgraded and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	9.65	ACUITE BB   Stable   Downgraded   Negative to Stable	-
Bank Loan Ratings	0.18	-	ACUITE A4+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	9.83	-	-

**Rating Rationale**

Acuité has downgraded its long term rating to '**ACUITE BB**' (read as **ACUITE double B**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) and reaffirmed its short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.9.83 Cr bank facilities of Standard Publicity Private Limited (SPPL). The outlook has been revised from '**Negative**' to '**Stable**'.

**Rationale for the Downgrade and revision in outlook**

The rating downgrade is primarily driven by the low and volatile revenue from operations over the years. The revenue from operation of the company stood at Rs.19.10 Cr. in FY2023 (Provisional) compared Rs.15.29 Cr. in FY2022 and Rs.11.55 Cr. in FY2021 majorly on account of low execution of orders. The downgrade also factors in deteriorating and volatile profitability margins marked by operating profit margin of 4.46 per cent in FY2023 (Provisional) as against 6.68 per cent in FY2022. The rating is further constrained by working capital intensive nature of operations marked by elongated debtor cycle of over 250 days for FY2023. The working capital intensive nature of operations have led to high utilisation of the fund-based limits which stood at 90 per cent over on average in last six months ended May, 2023.

The rating however draws comfort from established operations of the company for more than two decades supported by experienced management with more than three decades of experienced in the advertisement and media industry. The rating also factors in the average financial risk profile of the with moderate net worth and gearing levels of the company.

**About the Company**

Incorporated in 1987, Standard Publicity Private Limited (SPPL) is managed by Mr. Asim Kumar Sarkar and Mr. Kalyaneswar Sarkar. SPPL is a Kolkata based company engaged into advertising, marketing and promoting. It also has branch offices in Delhi, Guwahati, Bhubaneswar, and Shillong. The company provides all the media and advertisement related services to its clients through various media like Newspaper ads, Posters, Billboards, Hoardings, Videos for tele ads, Tele marketing, Digital advertisements.

**Analytical Approach**

Acuité has considered the standalone financial and business risk profile of Standard Publicity Private Limited (SPPL).

**Key Rating Drivers**

**Strengths**

**Acuité Ratings & Research Limited**

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Long track record of operations and experienced management

SPPL has been in operation since 1987. The directors of SPPL, Mr. Asim Kumar Sarkar and Mr. Kalyaneswar Sarkar, have more than three decades of experience in the advertising and media industries. The extensive experience of the management has aided in establishing healthy relations with reputed clients such as National Aluminium Company (NALCO), Coal India Ltd., Damodar Valley Corporation (DVC), the Income Tax Department, Kolkata Municipal Corporation (KMC), Calcutta University (CU), Kutchina (Bajoria Appliances), among others.

Acuité believes that the vintage of the promoters and the long-standing operations will continue to benefit the company going forward.

### **Moderate scale of operations**

The company's modest scale of operations is reflected by the revenues achieved in FY2022 of around Rs. 15.29 crore as compared to Rs. 11.55 crore in FY21. Further, the company has achieved revenues of Rs. 19.10 crore in FY23 (Provisional). The increase in revenues is supported by the regular order flow and its timely execution. Further, in FY2024, the company is planning to add a few new customers, namely NTPC, LIC, and DBS Bank.

Acuité believes that the company's ability to further improve the scale of operations will be key to monitoring.

### **Weaknesses**

#### **Low scale of operations with volatile profitability margins**

The revenue from operations of the company remained low and volatile which stood at Rs.19.10 Cr. in FY2023 (Provisional) as against Rs.15.29 Cr. in FY2022 and Rs.11.55 Cr. in FY21. The low revenues are majorly on account of low inflow and execution of orders over the years. However, going ahead the management of the company is planning to add new customers which is expected to improve the revenues. Furthermore, the profitability margin of the company remained volatile as reflected by declined in operating profit margin to 4.46 percent in FY23 (Provisional) as against 6.68 percent in FY22 and 2.65 percent in FY2021. The volatility is majorly on account of increase in cost of Ad services which form a part of the primary operational cost for the company. Furthermore, the company also reported PAT of Rs.0.30 Cr. in FY23 (Provisional).

Acuité believes that the company's ability to further improve the scale of operations will be key to monitoring.

#### **Working Capital Intensive nature of operations**

The working capital management of the company is intensive in nature marked by high Gross Current Asset (GCA) days of 456 days for FY2023 (Provisional) as compared to 622 days in the previous year. The high GCA days are on account of the elongated debtor period which stood at 269 days in FY2023 (Provisional) as against 413 days in FY2022 owing to the extended credit period provided to the clientele involving both, government clientele as well as general customers. However, the inventory period stood nil due to the non-requirement of any inventory.

Acuité believes that, the working capital cycle of SPPL will continue to remain intensive due to the prolonged collection mechanism.

### **Rating Sensitivities**

- Declining in the scale of operations while maintain profitability margins
- Further elongation in working capital cycle

### **Material covenants**

None

### **Liquidity Position Stretched**

The stretched liquidity position of the company is marked by low cash accruals and high utilisation of the fund-based limits. The average fund-based bank limit utilisation stood at 90 percent over the six months ending May 2023. The net cash accruals stood at Rs. 0.36 crore in

FY23 (Provisional) as against the long-term debt obligations of Rs. 0.30 crore over the same period. Further, the working capital management of the company is intensive in nature, marked by high Gross Current Assets (GCA) of 456 days in FY2023 (Provisional) as compared to 622 days in FY2022. However, the current ratio stood comfortably at 2.04 times as of March 31, 2023 (Provisional). The cash and bank balances of the company stood at Rs. 9.04 crores as of March 31, 2023 (Provisional).

Acuité believes that the liquidity position of the company will remain stretched over the medium term owing to the high utilisation of the fund-based limits and the intensive working capital cycle.

### **Outlook: Stable**

Acuité believes that the company's outlook will remain 'Stable' over the medium term from its experienced management and established operations. The outlook may be revised to 'Positive' in case of growth in revenues and profitability while improving its financial risk profile. The outlook may be revised to 'Negative' in case of a steep decline in revenues and profitability or further deterioration in working capital management.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	19.10	15.29
PAT	Rs. Cr.	0.30	0.30
PAT Margin	(%)	1.58	1.96
Total Debt/Tangible Net Worth	Times	0.81	0.87
PBDIT/Interest	Times	1.48	1.48

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

None

### Any other information

None

### Applicable Criteria

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

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Jun 2022	Cash Credit	Long Term	5.00	ACUITE BB+   Negative (Reaffirmed)
	Proposed Bank Facility	Long Term	2.00	ACUITE BB+   Negative (Reaffirmed)
	Bank Guarantee	Short Term	0.18	ACUITE A4+ (Reaffirmed)
	Secured Overdraft	Long Term	2.65	ACUITE BB+   Negative (Reaffirmed)
21 Jan 2022	Secured Overdraft	Long Term	9.65	ACUITE BB+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	0.18	ACUITE A4+ (Issuer not co-operating*)
09 Nov 2020	Bank Guarantee	Short Term	0.18	ACUITE A4+ (Reaffirmed)
	Secured Overdraft	Long Term	9.65	ACUITE BB+   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indian Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	0.18	ACUITE A4+   Reaffirmed
Indian Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE BB   Stable   Downgraded   Negative to Stable
Indian Bank	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	1.24	ACUITE BB   Stable   Downgraded   Negative to Stable
Indian Bank	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	3.41	ACUITE BB   Stable   Downgraded   Negative to Stable

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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