

Press Release

Meena Advertisers

D-U-N-S® Number: 67-548-2914

February 12, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) to the Rs. 12.00 crore bank facilities of MEENA ADVERTISERS (MA). The outlook is '**Stable**'.

Established in 1980, MA is a proprietorship firm engaged in marketing of advertising spaces to others at railway stations and airports. It has advertising spaces in some of the railway stations of Mumbai including Chattrapathi Shivaji Terminus (CST), Churchgate, Dadar, Andheri, Malad, Santacruz, Mahalaxmi, Lower Parel and Prabhadevi. It had spaces in Jaipur and Mangalore airports. The day to day operations are managed by its proprietor, Mr. V. Krishnamurthy.

Analytical Approach

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

Key Rating Drivers

Strengths

• Experienced management

MA commenced operations from 1980. The firm is promoted by its proprietor, Mr. V. Krishnamurthy who possesses experience of more than three decades in the marketing industry. The extensive experience has enabled the firm to forge healthy relationships with customers and suppliers. Acuite believes that MA will continue to benefit from its experienced management and established relationships with customers.

Weaknesses

• Decrease in scale of operations

The firm reported moderate declining trend in revenue marked by operating income of Rs.13.74 crore in FY2018, Rs.14.06 crore in FY2017 and Rs.15.51 crore in FY2016. The decline in revenues was mainly on account of no new contract been received by the firm. However, operating margins of the firm increased to 9.85 percent in FY2018 from 0.99 percent in FY2017.

• Average financial risk profile

The financial risk profile is average marked by declining net worth and moderate gearing and debt protection measures. The net worth has reduced to Rs.6.13 crore as on 31 March, 2018 from Rs.6.37 crore as on 31 March, 2017. The gearing of the firm has stood moderate at 1.35 times as on March 31, 2018 and as on 31 March, 2017. The total debt of Rs. 8.28 crore includes term loan of Rs.0.75 crore and overdraft facility of Rs.7.53 crore. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.84 times as on 31 March, 2018 as against 2.83 times as on 31 March, 2017. The declining revenue levels coupled with moderate operating margins have resulted in moderate debt protection measures. Interest Coverage Ratio (ICR) improved to 1.42 times in FY2018 from 0.19 times in FY2017. Net Cash Accruals/Total Debt (NCA/TD) improved to 0.06 times as on 31 March, 2018 from (0.09) times as on 31 March, 2017. Debt Service Coverage Ratio (DSCR) improved to 1.34 times in FY2018 from 0.18 times in FY2017. Acuite believes that the financial risk profile of MA will improve over the medium term on account of new tenders been awarded to the firm which will improve the scale of operations and net cash accruals.

• Intensive working capital operations

MA has intensive working capital operations marked by Gross Current Assets (GCA) of 465 days in FY2018 as against 444 days in FY2017. The GCA days stood high due to high debtor levels of 270 days in FY2018 as against 253 days in FY2017. However, the average utilisation of bank limits stood at ~45 percent for the period April to December, 2018. Acuite believes that the working capital requirements will continue to remain intensive over the medium term on account of the nature of the business.

Liquidity Position

MA has moderate liquidity marked by low but improved net cash accruals to its maturing debt obligations. The firm generated cash accruals of Rs.0.49 crore during FY2018 as against Rs.(0.81) crore during FY2017, while its maturing debt obligations were in the range of Rs.0.05 -0.07 crore over the last three years ending 31st March, 2018. The cash accruals of the firm are estimated to remain around Rs.0.50 – 0.77 crore during 2019-21 while its repayment obligation is estimated to be around Rs. 0.07 Crore. The firm's working capital operations are intensive in nature marked by gross current asset (GCA) days of 465 in FY 2018. However, the reliance on working capital borrowings is low, the cash credit limit in the firm remains utilized at 45 percent during the last 9 months period ended December, 2018. The firm maintains unencumbered cash and bank balances of Rs.0.81 crore as on March 31, 2018. The current ratio of the firm stands at 1.13 times as on March 31, 2018. Acuite believes that the liquidity of the group is likely to improve over the medium term on account of new tenders been awarded to the firm which will improve the scale of operations and net cash accruals along with no major repayments over the medium term.

Outlook: Stable

Acuite believes that MA will maintain a 'Stable' outlook over the medium term from the industry experience of its promoters. The outlook may be revised to 'Positive' if there is substantial and sustained improvement in MA's operating income or profitability, while maintaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of weakening of its capital structure and debt protection metrics.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	13.74	14.06	15.51
EBITDA	Rs. Cr.	1.35	0.14	-1.22
PAT	Rs. Cr.	0.43	-0.89	-2.49
EBITDA Margin	(%)	9.85	0.99	-7.88
PAT Margin	(%)	3.11	-6.35	-16.08
ROCE	(%)	10.92	0.76	-15.56
Total Debt/Tangible Net Worth	Times	1.35	1.35	1.39
PBDIT/Interest	Times	1.42	0.19	-0.85
Total Debt/PBDIT	Times	4.96	44.18	-8.08
Gross Current Assets (Days)	Days	465	444	394

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/view-rating-criteria-20.htm>
- Entities In Services Sector - <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
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE B+ / Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B+ / Stable

Contacts

Analytical	Rating Desk
<p>Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuute.in</p> <p>Saurabh Rane Analyst - Rating Operations Tel: 02249294044 Saurabh.Rane@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuute.in</p>

About Acuité Ratings & Research:

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