

August 12, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA BBB-/Stable (Assigned)
Bank Guarantee	11.50	SMERA A3 (Assigned)
Proposed Long Term Bank Facilities	2.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) to the Rs.5.00 crore long-term (fund based) bank facility and '**SMERA A3**' (**read as SMERA A three**) to the Rs.11.50 crore short-term (non-fund based) bank facility of EG Communications Private Limited (EGCPL). The outlook is '**Stable**'. The ratings derive comfort from the company's experienced management, healthy financial risk profile and comfortable liquidity position. The ratings also draw support from the company being the sole authorised concessionaire of Delhi Metro Rail Corporation (DMRC) on Line I to Line IV since 2002. However, the ratings are constrained by the high fixed cost obligations towards DMRC and the working capital-intensive operations.

Outlook: Stable

SMERA believes EGCPL will maintain a stable business risk profile over the medium term on account of its established operations, experienced management and the fact that it is the authorised concessionaire of DMRC. The outlook may be revised to 'Positive' in case of higher than expected revenues and margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected revenues and margins, or deterioration in the working capital cycle.

Rating Sensitivity Factors

- Occupancy level
- Receivable management

About the Company

The New Delhi-based EGCPL was established in 1992 as a proprietorship firm- EG Communications. In 2005, the constitution was changed to private limited and thus EGCPL was born. Headed by Mr Praveen Gupta, EGCPL has been offering advertisement services in Delhi Metro trains since 2002. The company has interest bearing unsecured loans from promoters, friends and relatives worth Rs.7.59 crore in FY2014-15 that are subordinated to bank debt. SMERA has treated such unsecured loans as quasi-equity.

For FY2013-14, EGCPL reported profit after tax (PAT) of Rs.0.65 crore on operating income of Rs.24.98 crore, as compared with PAT of Rs.0.47 crore on operating income of Rs.22.79 crore for FY2012-13. For FY2014-15, the company booked operating income of Rs.23.58 crore (provisional)

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with PAT of Rs.0.67 crore (provisional). The company's net worth stood at Rs.13.58 crore (provisional) in FY2014-15 as compared with Rs.5.32 crore a year earlier.

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