

**Sadhu Singh Hamdard Trust**

**Brickwork Ratings reaffirms bank loan ratings, with a change in outlook to negative, for the Bank Loan Facilities of Rs.34.28 crs of Sadhu Singh Hamdard Trust**

**Particulars:**

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present#		Previous (06 Mar 2019)	Present
Fund Based	38.50	34.28	Long Term	BWR BBB- (Stable)	BWR BBB- (Negative) Reaffirmed
<b>Total#</b>	<b>38.50</b>	<b>34.28</b>	<b>INR Thirty Four crores and Twenty Eight Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities is provided in Annexure-I

**RATING ACTION / OUTLOOK**

Reaffirmation in the ratings of Sadhu Singh Hamdard Trust (SSHT or “the Trust”) factors in the stable gearing profile along with a comfortable net worth position and adequate liquidity. Financial leverage of the business has remained stable indicated by Total Debt/TNW ratio and TOL/TNW ratio during FY 19 at 0.76x and 1.53x respectively, as against 0.85x and 1.52x respectively in FY18. Tangible Net worth of the Trust is Rs.55.01 crs in FY19.

**Outlook: Negative**

Outlook has been changed to Negative in view of the subdued business performance in FY20 and the expectations that projections for FY20 may not be achieved. On a provisional basis, the Trust has booked revenues of Rs.59 crs for 6MFY20, as against a projected turnover of Rs.133 Cr for the full financial year. Outlook may be converted to Stable in case the Trust is able to achieve the projected level of revenues for FY20 along with projected operating profit margin of 9.44% in FY20.

**KEY RATING DRIVERS**

**Strengths:**

- (1) Experienced Promoters: The Trust is being managed by six trustees, namely S. Prem Singh, Parkash Kaur Hamdard, S. Surinder Singh Viridi, Smt. Sarabjit Kaur, S. Joginder Singh, S. Gurcharan Singh Syal. Promoters have long years of experience in managing the Trust.



#### **Weaknesses:**

- (1) Declining revenues: During FY19, revenues of the trust have further declined to Rs.125 crs against revenues of Rs.133.76 crs in FY18 and Rs.182.58 crs in FY17. On a provisional basis, the Trust has booked revenues of Rs.59 crs approx during 6MFY20.
- (2) Decline in profitability: During FY19, OPM and NPM have declined from 11.12% and 1.99% respectively in FY18 to 8.82% and 0.25% respectively in FY19.
- (3) Decline in Debt Coverage indicators: Owing to decline in profits, DSCR and ISCR have declined from 1.42x and 2.55x respectively in FY18 to 1.15x and 2.03x respectively in FY19.
- (4) Competition and Concentration risks: The Trust faces competition from other national newspapers and circulation is mostly concentrated in Punjab and other Hindi speaking states of Northern India. The Trust, being engaged mainly in print media, also faces stiff competition from other electronic / digital media.

#### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has applied its rating methodology on a standalone basis as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

#### **RATING SENSITIVITIES**

Rating is likely to be upgraded in case the Trust is able to sustain its scale of revenues at current levels along with improvement in profitability margins to at least FY18 levels along with comfortable gearing profile and debt coverage indicators. Rating would be downgraded in case of further decline in revenues, profitability and overall financial risk profile as indicated by Gearing and Debt Coverage.

#### **LIQUIDITY POSITION : Adequate**

With cash accruals of Rs.6.55 crs during FY19, the Trust is comfortably placed in honoring repayment obligations (rated Term Debt) of Rs.4.97 crs during FY20 and Rs.4.65 crs during FY21. Average utilisation of working capital facilities is above 95%. Majority of the long term funds are utilised for the creation of fixed assets with short term funds as the sole source of working capital.

#### **COMPANY PROFILE**

Sadhu Singh Hamdard Trust, established in 1977 in Jalandhar by Late Shri Sadhu Singh Hamdard, is engaged in print media and publishing activities. Currently, S. Prem Singh, Parkash Kaur Hamdard, S. Surinder Singh Viridi, Smt. Sarabjit Kaur, S. Joginder Singh, S. Gurcharan Singh Syal, are the trustees of the Trust. SSHT is involved in various activities like media and publishing, charitable and other social activities. The principal business of the newspaper is the publication of two newspapers - 'Ajit' and 'Ajit Samachar' in Punjabi and Hindi respectively, and 'Tasvir' - a monthly Punjabi Magazine. Publications of SSHT enjoy a readership base in seven states of northern India with presence of 34 sub-offices of the Trust at various locations where they have deployed reporters for local news coverage.

### KEY FINANCIAL INDICATORS

Key Parameters	Units	2018	2019
Operating Revenue	₹ Cr	133.76	125.13
EBITDA	₹ Cr	14.88	11.04
PAT	₹ Cr	2.67	0.31
Tangible Net worth (Analysed)	₹ Cr	54.70	55.01
Total Debt/Tangible Net worth	Times	0.85	0.76
Current Ratio	Times	0.99	1.03

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NIL**

### RATING HISTORY (Including withdrawn and suspended)

S.No	Facility	Current Rating (2020)			Rating History		
		Type	Amount (₹ Cr)	Rating	06 March 2019	24 Jan 2018	26 Dec 2016
1.	Fund Based	Long Term	34.28	BWR BBB-Negative	BWR BBB-Stable	BWR BBB-Stable	BWR BB+ Stable
	<b>Total</b>		<b>34.28</b>	<b>INR Thirty Four crores and Twenty Eight Lakhs Only</b>			

### ANNEXURE I

#### Sadhu Singh Hamdard Trust

#### Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Punjab National Bank, Tanda Road, Jalandhar	Cash Credit	18.50	NIL	18.50
2		Term Loan -1	1.09	NIL	1.09
3		Term Loan -2	2.94	NIL	2.94
4		Term Loan -3	0.68	NIL	0.68
5		Term Loan -4	2.65	NIL	2.65
6		Term Loan -5	2.83	NIL	2.83



7		Term Loan -6	5.59	NIL	5.59
<b>TOTAL</b>			34.28	NIL	34.28

**Total Rupees Thirty Four crores and Twenty Eight Lakhs only.**

### COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

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