



Press Release

Sapphire Media Limited

April 25, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	84.99	IVR BBB-/Stable [IVR Triple B Minus with Stable Outlook]	IVR BBB-/Stable [IVR Triple B Minus with Stable Outlook]	Rating reaffirmed	Simple
Short Term Bank Facilities	32.00	IVR A3 [IVR A Three]	IVR A3 [IVR A Three]	Rating reaffirmed	Simple
Total	116.99	[Rupees One hundred sixteen crore and ninety-nine lakhs only]			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BBB- with stable outlook and IVR A3 for the short-term bank facilities of Sapphire Media Limited.

The rating reaffirmation is on account of experienced management and long track record of operations coupled with increasing scale of operations with improvement in profitability. The rating continues to draw comfort from diversified customer profile and geographical presence. However, these rating strengths are partially offset by working capital intensive nature of operations and moderate financial risk profile. The rating also factors in the competition from major players in the industry and technological obsolescence risk. IVR has also taken a note of the ongoing acquisition process of Reliance Big FM 92.7, the case is pending in Supreme Court as of now and would take around 3-4 months for the final competition of the process.

The 'Stable' outlook reflects expected increase in scale of operations along with profitability. Infomerics believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of Sapphire Media Limited up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected cashflow for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in revenue & profitability leading to overall improvement in liquidity and debt protection metrics.
- Improvement in capital structure on a sustained basis, wherein, the specific credit metric will be Total Debt to NCA remaining below 2x on a sustained basis.

Downward Factors

- Any further decline in revenue and/or profitability impacting the capital structure or the debt protection metrics or liquidity.
- Any major debt funded capex impacting the financial profile of the company, leading to the reduced GCA, thereby impacting on the liquidity of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced management and long track record of operations.**

Established in 2009, Sapphire Media Limited (SML) is engaged in providing advertising and media related services. The company has an experienced management team having decades of expertise in this industry. The company is promoted by Mr. Sahil Mangla, who exhibits forte print media and digital fabrications.

- **Diversified customer profile and geographic presence.**

The company has its presence across pan India with projects across regions mitigating the geographic concentration risk since they have a qualified sales team, who caters to the needs of their customers in a very efficient manner. The top 5 customers account for around 25.64% of the sales in FY2024, thus catering to an array of a diversified customer base in the industry.

- **Increasing scale of operations with improvement in profitability.**

The total operating income (TOI) of the company has grown at (CAGR) of 59.21% during the past three years ended as on March 31, 2024. Further, the TOI of the company has improved by 68.68% in FY24 and stood at Rs. 340.40 crore compared to Rs. 201.80 crore in FY23 on account of higher execution of the orders during the year. The EBITDA of the company stood



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at Rs. 48.96 crore in FY24 increased significantly from Rs. 8.86 crore in FY23. The PAT of the company stood at Rs. 28.17 crore in FY24, improved from Rs.6.14 crore in FY23. The EBITDA margin of the company improved significantly by 999 bps and stood at 14.38% in FY24 compared to 4.39% in FY23 on account of significant ramp up in revenue along with higher margin earned in executed orders. In line with increased operational profitability, the PAT margin of the company also improved by 521 bps and stood at 8.25% in FY24 compared to 3.04 in FY23, although the interest cost increased during the year.

Key Rating Weaknesses

- **Working capital intensive nature of operations.**

SML has relatively large working capital requirements, as reflected in the collection period of 126 days as on 31st March 2024 as against the average creditor days of 58 days for FY2024, implying working capital intensive operations where much of the company's cash is locked up with the customers. Its intensive working capital management is reflected in its gross asset days of 219 days as on 31st March 2024.

- **Competition from major players in the industry and technology obsolescence risk.**

Company faces stiff competition from large industry impacting its pricing flexibility; in addition to the ability of the company to acquire new customers also. Company's increasing scale of operations restricted its operational and financial flexibility to an extent. Any adverse technological changes would have an adverse impact on the revenues of company.

- **Moderate financial risk profile.**

The capital structure of the company stood moderate marked by overall gearing at 1.48x as on March 31, 2024 moderated from 1.27x as on March 31, 2023 on account of higher utilization of bank borrowings along with infusion of term loan. The indebtedness of the company stood moderate marked by TOL/TNW at 2.22x as on March 31, 2024 improved from 3.99x as on March 31, 2023 on account of significant decline in creditors of the company. The debt protection metrics stood comfortable marked by ICSR of 7.26x in FY24, although deteriorated from 12.84x in FY23. The same stood comfortable, though moderated on account of increase in interest expenses. Further, the DSCR stood at 4.20x in FY24 improved from 2.07x in FY23.



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The total debt to NCA stood at 3.32x in FY24 compared to 4.42x in FY23 on account of increase in GCA.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Instrument/Facility wise Default Recognition & Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The company's liquidity is comfortable marked by 80.73% average utilisation of fund-based limits during the past 12 months ended March 2025. The unencumbered cash and bank balance stood at Rs. 1.25 crore as on March 31, 2024. Further, the company expects sufficient cushion in cash accruals against its debt repayments. The company is expecting GCA in the range of Rs. 45.41 Cr. - Rs. 58.56 Cr. during FY25-27 against debt repayment of Rs. 2.92-2.00 Cr. in FY25-27. The company has a Current Ratio of 1.39x as on March 31, 2024, compared to 1.10x as on March 31, 2023. The Working Capital Cycle of the company stood elongated at 81 days in FY24 days which was 37 days in FY23.

About the Company

Sapphire Media Limited is in advertisement and media Industry. The company was initially working and operating as sole proprietary firm of Mr. Sahil Mangla, which was later converted as a public limited company. Mr. Sahil Mangla is in advertisement and media business since 2009 and has 15 years of experience in the business. The company ventured into outdoors, fabrication, LEDs and has been capturing Delhi and Haryana BQS (bus queue shelters), roots emerged from Kaithal city in Haryana, catering to retail signages and in-shop branding, Out of Home (OOH) advertising with a team of about 300 people. They are the L1 vendor of Indian Oil Corporation Limited.



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	201.80	340.40
EBITDA	8.86	48.96
PAT	6.14	28.17
Total Debt	31.14	110.59
Tangible Net Worth	24.46	74.81
EBITDA Margin (%)	4.39	14.38
PAT Margin (%)	3.04	8.25
Overall Gearing Ratio (x)	1.27	1.48
Interest Coverage (x)	12.84	7.26

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	Feb 05, 2024	-
1.	Fund Based Limits	Long Term	84.99	IVR BBB-/Stable	-	IVR BBB-/Stable	-
2.	Non-Fund Based Limits	Short Term	32.00	IVR A3	-	IVR A3	-

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Facility – Term Loan	-	-	-	Oct 2037	17.49	IVR BBB-/Stable
Long Term Facility – Cash Credit	-	-	-	-	67.50	IVR BBB-/Stable
Short Term Facility – Bank Guarantee	-	-	-	-	22.00	IVR A3
Short Term Facility – Lette of Credit	-	-	-	-	10.00	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-sapphiremedia-apr25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.