



September 30, 2014

Facility	Amount (Rs. Crore)	Rating
Term Loan	11.00	SMERA BBB/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BBB**' (read as **SMERA triple B**) to the Rs.11.00 crore long-term (fund based) bank facility of India Exposition Mart Limited (IEML). The outlook is '**Stable**'. The rating is supported by the company's long track record of operations, strong net profit margin, healthy financial risk profile and experienced management. The rating is also supported by the strong revenue growth registered by the company during the past four years. However, the rating is constrained by the company's exposure to intense competition.

IEML, established in 2001, is a Noida-based company engaged in operating an exhibition and convention centre (named India Expo Centre & Mart) in Greater Noida. India Expo Centre & Mart hosts exhibitions that promote export of carpets, handloom, silk, jute products and handicrafts manufactured in India. IEML reported strong net profit margin of 36.17 per cent in FY2013-14 (refers to financial year, April 01 to March 31). The company's healthy financial risk profile is reflected in leverage (debt-equity ratio) of 0.21 times as on March 31, 2014 and interest coverage ratio of 14.92 times in FY2013-14.

IEML benefits from its experienced management. Mr. Raj Kumar Malhotra, chairman of IEML, has around four decades of experience in the event management industry. The company's revenues have grown at a strong compound annual growth rate (CAGR) of ~39 per cent during FY2009-10 to FY2013-14.

IEML faces intense competition from players in the event management industry.

Outlook: Stable

SMERA believes IEML will maintain a stable business risk profiles over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company expands its scale of operations by hosting large-scale events while maintaining strong profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile on account of large debt-funded capital expenditure.

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**About the company**

IEML, established in 2001, is a Noida-based company promoted Exports Promotion Council of Handicrafts (Ministry of Textiles) and other entities (export trading groups). IEML operates an exhibition and convention centre named 'India Expo Centre & Mart' in Greater Noida.

India Expo Centre & Mart was conceptualized for the promotion of carpets, handloom, silk, jute products and handicrafts manufactured in India. The centre is spread over an area of 60 acre. India Expo Centre & Mart has ~1,800 marts and 8 exhibition halls with conference facilities, parking arrangements, helipads, warehousing facilities and logistics centres.

IEML has a memorandum of understanding with Exports Promotion Council of Handicrafts for organizing India Handicrafts and Gifts Fair (IHGF), Indian Fashion Jewellery & Accessories Show (IFJAS) and Home Expo.

For FY2013-14, IEML reported profit after tax (PAT) of Rs.20.29 crore on operating income of Rs.56.10 crore, as compared with PAT of Rs.2.48 crore on operating income of Rs.39.31 crore in the previous year. The company's net worth stood at Rs.60.70 crore as on March 31, 2014, as compared with Rs.45.05 crore a year earlier.

Media / Business Development	Analytical Contacts	Rating Desk
Sanjay Kher Vice President, Sales – Corporate Ratings Tel : +91-22-6714 1193 Cell : +91 98191 36541 Email : sanjay.kher@smera.in Web: www.smera.in	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-67141170 Email: ratingdesk@smera.in

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