

January 06, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	7.02*	SMERA BBB/Stable (Reaffirmed)
Term Loan (proposed)	35.00	SMERA BBB/Stable (Assigned)

*Out Standing value as on 15 Dec 2014

SMERA has reaffirmed the long-term rating of '**SMERA BBB**' (read as SMERA triple B) on the Rs.7.02 crore bank facilities of India Exposition Mart Limited (IEML). Further, SMERA has assigned a long-term rating of '**SMERA BBB**' to the Rs.35.00 crore proposed bank facility of IEML. The outlook is '**Stable**'. The rating continues to draw comfort from 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. However, the rating is constrained by the company's exposure to intense competition in the event management industry.

Update

IEML is undertaking expansion of its exhibition and convention centre. The company plans to add 38,700 sq. metres to the existing facility of 28,000 sq. metres. IEML has incurred capex of Rs13.62 crore (financed through internal accruals) towards construction of the plinth area. The expansion work is expected to be completed in September 2015. The total cost of the expansion project is Rs.60.00 crore, which is likely to be funded through bank loan of Rs.35.00 crore and internal accruals of Rs.25.00 crore.

Outlook: Stable

SMERA believes IEML will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers significant growth in scale of operations while maintaining strong profitability. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected revenues and profitability.

About the company

IEML, established in 2001, is a Noida-based company promoted by Exports Promotion Council of Handicrafts (Ministry of Textiles) and other 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 promotion of carpets, handlooms, silk, jute products and handicrafts manufactured in India. The centre is spread over an area of 60 acres and has ~1,800 marts and 8

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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. IEML registered revenue of Rs.13.58 crore (provisional) during April 2014 to September 2014.

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