

October 12, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	40.00	SMERA BBB/Positive (rating reaffirmed, outlook revised)
Term Loan II	1.88	SMERA BBB/Positive (rating reaffirmed, outlook revised)
Overdraft Limit	3.00	SMERA BBB/Positive (rating reaffirmed, outlook revised)

SMERA has reaffirmed the long-term rating of '**SMERA BBB**' (read as **SMERA triple B**) on the Rs.44.88 crore bank facilities of India Exposition Mart Limited (IEML). The outlook has been revised from '**Stable**' to '**Positive**'. 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 has completed 95 per cent expansion work on the Rs.74.00 crore exhibitions and convention centre and the same is scheduled to be operational from October 2015 with revenue generation expected to begin from FY2016. The company has shown consistent revenue growth over the years registering Rs.50.36 crore in FY2014-15 from Rs.21.93 crore in FY2010-11. IEML's debt-to-capital ratio improved marginally to 0.09 times as on March 31, 2015 (from 0.21 times as on March 31, 2014) and the interest coverage ratio increased to 21.18 per cent in FY2014-15 from 14.92 per cent in the previous year. Further, IEML reported healthy return on capital employed (ROCE) at 19.97 per cent in FY2014-15 from 38.82 per cent in the previous year.

Outlook: Positive

SMERA believes the outlook on IEML's rated facilities is 'Positive' over the medium term, on the back of timely completion of the new project and healthy revenue visibility in the near future. The ratings may be upgraded in case the company registers increase in revenues and accruals while improving its profitability and debt protection metrics. Conversely, the outlook may be revised to 'Stable' in case of decline in revenues, lower than expected accruals or significant capex being taken up by the company.

About the Company

IEML, established in 2001, is a Noida-based company promoted by the Exports Promotion Council of Handicrafts (Ministry of Textiles) and other export trading groups. The company operates an exhibition and convention centre named India Expo Centre & Mart in Greater Noida that was conceptualised for the 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 eight 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 organising India Handicrafts and Gifts Fair (IHGF), Indian Fashion Jewellery & Accessories Show (IFJAS) and Home Expo. IEML also organizes large size events like Auto Expo and ADB conference.

For FY2014-15, IEML reported profit after tax (PAT) of Rs.9.08 crore on operating income of Rs.50.36 crore, as compared with PAT of Rs.20.29 crore on operating income of Rs.56.10 crore in the previous year. The company's net worth stood at Rs.66.57 crore as on March 31, 2015, as compared with Rs.60.70 crore a year earlier.

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