

India Exposition Mart Limited: Upgraded

Facilities	Amount (Rs. Crore)	Rating/Outlook
Term Loan	36.51 (reduced from Rs.40.00 crore)	SMERA BBB+/Stable (Upgraded from SMERA BBB/Positive)
Overdraft	3.00	SMERA BBB+/Stable (Upgraded from SMERA BBB/ Positive)

SMERA has upgraded the long-term rating on the abovementioned bank facilities of India Exposition Mart Limited (IEML) to '**SMERA BBB+** (read as SMERA triple B plus)' from 'SMERA BBB' (read as SMERA triple B). The outlook is revised to '**Stable**' from Positive.

The upgrade reflects significant improvement in revenues and net cash accruals. The rating also factors in the timely completion of construction of six additional halls for big events. The rating continues to draw comfort from the company's long track record of operations and healthy financial risk profile. However, the rating is constrained by the company's exposure to intense competition in the event management industry and high dependence on events such as Auto Expo for revenue.

Update

IEML's operating income grew by 31 per cent to Rs.66.02 crore in FY2015-16 (provisional) from Rs.50.36 crore in FY2014-15 largely due to Auto Exposition that contributed revenue of Rs.23.66 crore. The company's liquidity profile continues to remain healthy with net cash accruals of Rs.23.79 crore (provisional) in FY2015-16 as against Rs.18.32 crore during the previous year.

IEML benefits from its long track record of operations. The company was promoted by the Exports Promotion Council of Handicraft (Ministry of Textiles) and other trading groups.

The financial risk profile continues to remain healthy marked by leverage (debt-equity ratio) of 0.44 times as on March 31, 2016 against 0.09 times during the previous year. The interest coverage ratio has been healthy at 9.50 times (provisional) in FY2015-16 as against 21.18 times in FY2014-15 (refers to financial year, April 01 to March 31).

However, the company is exposed to intense competition in the event management industry.

Outlook - Stable

SMERA believes that IEML will maintain a stable outlook over the medium term owing to its experienced management and healthy association with customers. The outlook may be revised to 'Positive' if the company expands its scale of operations with sustainable profit margins and healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of lower than expected operating income and accruals or deterioration in the profitability profile. Any large debt funded capital expansion may also entail a 'Negative' outlook.

Rating Sensitivity Factors

- Sustainable improvement in operating income and profitability
- Debt funded capital expansion

About the Company

IEML, established in 2001, is a Noida-based company promoted by Exports Promotion Council of Handicrafts (EPCH) and other export trading groups. IEML operates an exhibition and convention centre named 'India Expo Centre & Mart' in Greater Noida for promotion of handicraft items including carpets, silk, jute products among others manufactured in India. The centre has ~1,800 marts and eight exhibition halls offering conference facilities, parking arrangements, helipads, warehousing facilities and logistics.

IEML has a memorandum of understanding with EPCH for organising Indian Handicrafts and Gifts Fair (IHGF), Indian Fashion Jewellery & Accessories Show (IFJAS) and Home Expo.

For FY2015-16 (provisional), IEML reported profit after tax (PAT) of Rs.8.63 crore on operating income of Rs.66.02 crore, as compared with PAT of Rs.9.08 crore on operating income of Rs.50.36 crore in the previous year. The company's net worth stood at Rs.82.43 crore (provisional) as on March 31, 2016, as compared with Rs.66.57 crore a year earlier.

Rating History

Date	Facilities	Amount	Ratings		Outlook
		(Rs. Crore)	Long Term	Short Term	
12 Oct, 2015	Term Loan I	40.00	SMERA BBB (Reaffirmed)	-	Positive (revised from Stable)
	Term Loan II	1.88	SMERA BBB (Reaffirmed)	-	Positive (revised from Stable)
	Overdraft Limit	3.00	SMERA BBB (Reaffirmed)	-	Positive (revised from Stable)
6 Jan, 2015	Term Loan	7.02*	SMERA BBB (Reaffirmed)	-	Stable
	Proposed Term Loan	35.00	SMERA BBB (Assigned)	-	Stable
30 Sept, 2014	Term Loan	11.00	SMERA BBB (Assigned)	-	Stable

*outstanding value as on Dec 15, 2014

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ABOUT SMERA

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