

Press Release

India Exposition Mart Limited

December 22, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs.39.51 Cr.
Long Term Rating	ACUITE A- (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE A-**' (**read as ACUITE A minus**) on the Rs. 39.51 Crore bank facilities of India Exposition Mart Limited.

The rating is being withdrawn on account of request received from the company and NOC received from the bank.

About the Company:

India Exposition Mark Limited (IEML), established in 2001, is a Noida-based company promoted by Exports Promotion Council for Handicrafts (EPCH), Ministry of Textile, Govt. of India, Greater Noida Industrial Development Area (GNIDA) and individual handicraft exporters. 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 company has ~1,800 marts and eight exhibition halls offering conference facilities, parking arrangements, helipads, warehousing among others. IEML has a memorandum of understanding with EPCH to organize Indian Handicrafts and Gifts Fair (IHGF), Indian Fashion Jewellery & Accessories Show (IFJAS) and Home Expo.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of IEML to arrive at the rating.

Key Rating Drivers

Strengths

- **Long operational track record and experienced management**

IEML was incorporated in 2001. The company is led by the Chairman, Mr. Rakesh Kumar and several directors who collectively possess industry experience of more than three decades. Acuité believes that IEML will continue to benefit from its experienced management and established relationships with customers.

- **Healthy relationship with customers**

IEML was incorporated in 2001, and is engaged in providing land for exhibitions and events. The Centre has a land bank of ~60 acres (230,437 sq. meters) with 15 halls and mart showroom with around 900 units in it, board rooms, mini-conference rooms, 10 meeting rooms, media lounge, 2 VIP lounges helipads, warehousing facilities and logistics.

India Exposition Mart Limited has a reputed customer base and caters to reputed companies like Export Promotion Council for Handicrafts, IPAMA, and CII among others. The company has been bagging repeat orders from these companies. The orders are contract-based with an in-built price escalation clause which protects the margins of the company. The company has a reputed client base.

- **Healthy financial risk profile**

The financial risk profile of IEML has improved in FY2020 over FY2019 marked by healthy debt protection metrics and leverage ratios of the company. The tangible net worth of the company has improved to Rs.163.41 crore as on 31 March 2020 as against Rs.125.02 crore in the previous year.

Gearing (debt-equity) stood healthy at 0.05 times as on 31 March 2020 as against 0.13 times as on 31 March 2019. The total debt of Rs.8.46 crore outstanding as on 31 March 2020 comprises only of term loan outstanding. The coverage indicators of IEML stood healthy marked by Interest coverage ratio (ICR) of 57.48 times for FY2020 as against 26.74 times for FY2019. DSCR stood at 7.04 times for FY2020 as against 4.75 times for FY2019. Total outside liabilities to tangible net worth (TOL/TNW) stood at 0.38 times as on 31 March 2020 as against 0.52 times as on 31 March 2019.

Weaknesses

- Disruption in the operation and decline in operating income**

The COVID-19 pandemic has impacted the company's operation severely as the fairs and exhibition were closed during the lockdown period. Although the company have received all the approvals from the authorities to start their operation but as of now, there are no upcoming event till December month.

There is a significant decline in revenue as compared to the last year. The company is expecting to achieve a revenue of only Rs.45.00 Crore by the end of the current financial year. As of now, the company have booked a revenue of Rs.12.00 Crore. During the COVID-19 period, the company have focused on alternative revenue stream like virtual convention platform. Company have also taken measures to cut cost through salary cut, downsize the workforce, power cost reduction etc.

- High dependency on exhibitions/events**

The company is highly dependent on exhibition/events such as Auto Expo, and Export Promotion Council for Handicrafts, among others for revenue. Further, the number of exhibition held is highly depended on the economic spending in the country. Any slowdown in economic spending would impact the number of exhibitions held in and around the country. Besides, it is also exposed to intense competition in the event management industry.

Outlook:

NA

Material Covenant

None

Rating sensitivity

NA

Liquidity position: Strong

The company has Strong liquidity marked by high net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.54.67 crore in FY2020 as against CPLTD of Rs.6.69 Crore for the same period. The company's working capital operations are comfortable marked by Gross Current Asset (GCA) days of 75 days in FY2020. Company maintains unencumbered cash and bank balances of Rs.8.15 crore as on 31 March 2020. The current ratio stands at 1.83 times as on 31 March 2020.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	154.43	122.62
PAT	Rs. Cr.	45.77	30.26
PAT Margin	(%)	29.64	24.68
Total Debt/Tangible Net Worth	Times	0.05	0.13
PBDIT/Interest	Times	57.48	26.74

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities in service sector- <https://www.acuite.in/view-rating-criteria-50.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
18-February-2019	Term Loan	Long Term	36.51	ACUITE A-/Stable (Upgraded)
	Secured Overdraft	Long Term	3.00	ACUITE A-/Stable (Upgraded)
15-December-2017	Term Loan	Long Term	36.51	ACUITE BBB+/Stable (Reaffirmed)
	Secured Overdraft	Long Term	3.00	ACUITE BBB+/Stable (Reaffirmed)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan	April-2015	Not Available	April-2022	36.51	ACUITE A- (Withdrawn)
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A- (Withdrawn)

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About Acuité Ratings & Research:

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