

March 04, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	7.80	SMERA B-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA single B minus**) to the Rs.7.80 crore bank facility of Inland Facilities Management Private Limited (IFMPL). The outlook is '**Stable**'. The rating is constrained by the company's stretched liquidity position. The rating is also constrained by the decline in the company's profit margins. The rating notes that the company faces intense competition in the facility management services industry. However, the rating draws comfort from the company's experienced management and moderate revenue growth.

IFMPL, incorporated in 2005, is a Chennai-based company engaged in proving facility management services. IFMPL's stretched liquidity position is reflected in full utilisation of working capital limit during September 2014 to January 2015. Moreover, the company has availed adhoc working capital limits during the aforementioned period. IFMPL's collection period is stretched at ~135 days in FY2013-14. The company's operating profit margin declined to ~3.49 per cent in FY2013-14 (refers to financial year, April 01 to March 31) from ~7.22 per cent in FY2011-12. IFMPL's net profit margin declined to ~0.77 per cent in FY2013-14 from ~3.10 per cent in FY2011-12.

IFMPL benefits from its experienced management. Mr. Poovazhagan, director of IFMPL, has around ten years of experience in the company's line of business. IFMPL's revenues have grown at a moderate compound annual growth rate (CAGR) of ~14 per cent during FY2010-11 to FY2013-14.

Outlook: Stable

SMERA believes IFMPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers substantial improvement in working capital management and profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's profitability, or in case of deterioration in the company's working capital management or financial risk profile.

About the company

IFMPL, incorporated in 2005, is a Chennai-based company promoted by Mr. Poovazhagan and Mr. Cheralathan. IFMPL provides housekeeping, security and other facility management services. The company caters to customers in Chennai, Hyderabad, Coimbatore and Bangalore.

For FY2013-14, IFMPL reported profit after tax (PAT) of Rs.0.38 crore on operating income of Rs.49.04 crore, as compared with PAT of Rs.1.56 crore on operating income of Rs.46.03 crore in the previous year. IFMPL's net worth stood at Rs.4.45 crore as on March 31, 2014, as compared with Rs.5.07 crore a year earlier.

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