



SMERA RATINGS LIMITED

Bombay Intelligence Security (India) Limited (BIS)

*Rating
Rationale*

March 24, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	25.00	SMERA A-/Stable (Assigned)
Overdraft Against Property	5.00	SMERA A-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA A-' (read as SMERA A minus)** to the abovementioned bank facilities of Bombay Intelligence Security (India) Limited (BIS). The outlook is '**Stable**'. The rating draws comfort from the company's established operations, strong brand image and widespread geographic presence. The rating is supported by the company's experienced management and diversified clientele. The rating also draws comfort from the company's strong financial profile. However, the rating is constrained by the company's exposure to intense competition. The rating factors in risks related to high employee attrition in the private security service industry.

BIS, established in 1976, is a Mumbai-based company engaged in providing manned guarding services. BIS benefits from its established brand image. The company has widespread geographic presence with ~55 branches across India. BIS benefits from its experienced management. Mr. Ram Nivas Singh, promoter of BIS, has around four decades of experience in the company's line of business. BIS has a well-diversified clientele comprising ~3,500 customers.

BIS has a strong financial profile. The company's revenues have grown at a healthy compound annual growth rate (CAGR) of 16 per cent during FY2009-10 to FY2013-14. BIS has reported strong operating margins (in the range of 7.3-8.3 per cent) during the period under study.

BIS's gearing (debt-to-net worth ratio) is low at 0.48 times as on March 31, 2014. The company's interest coverage ratio is comfortable at 5.04 times in FY2013-14. BIS's working capital utilisation is moderate at ~89 per cent for the six months ended December 2014.

BIS operates in an intensely competitive industry in which players witness high level of employee attrition. The company's ability to maintain a strong financial profile amidst intense competition is a key rating sensitivity.

Outlook: Stable

SMERA believes BIS will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and strong financial profile. The outlook may be revised to 'Positive' in case the company maintains its strong financial profile on a sustained basis. The outlook may be revised to 'Negative' in case of deterioration in the company's capital structure.

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About the company

BIS was established as a partnership firm in 1976. The entity was later converted into a closely-held public limited company in 1996. BIS is engaged in providing security services such as manned guarding and cash management services. The company derives ~99 per cent of its revenues from manned guarding services. BIS has its corporate office in Mumbai. The company has ~55 branches across India.

BIS operates three training centres under the name of Institute of 'Intelligence and Security Management' in Karjat (Maharashtra), Bharauli (Uttar Pradesh) and Khandwa (Madhya Pradesh).

For FY2013-14, BIS reported profit after tax (PAT) of Rs.17.81 crore on operating income of Rs.411.69 crore, as compared with profit after tax (PAT) of Rs.17.95 crore on operating income of Rs.355.52 crore in FY2012-13. The company's net worth stood at Rs.117.27 crore as on March 31, 2014, as compared with Rs.99.46 crore a year earlier.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Cell: +91 9820808479 Email: antony.jose@smera.in Web: www.smera.in	Ashutosh Satsangi Vice President – Rating Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

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