

April 13, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	2.24	SMERA BBB/Stable (Assigned)
Inland Letter of Guarantee	6.50	SMERA A3+ (Assigned)
Overdraft (proposed)	3.00	SMERA BBB/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BBB**' (**read as SMERA triple B**) and a short-term rating of '**SMERA A3+**' (**read as SMERA A three plus**) to the abovementioned bank facilities of Agile Security Force Private Limited (ASFPL). The outlook is '**Stable**'. The ratings draw comfort from the company's established operations and strong financial profile. The ratings are also supported by the company's experienced management and diversified clientele. However, the ratings note that the company is exposed to intense competitive pressure. The ratings also note that the company is susceptible to geographical concentration and employee attrition risk.

ASFPL, established in 1995, is a Hyderabad-based company engaged in providing housekeeping and manned guarding services. ASFPL's strong financial profile is reflected in healthy revenue growth rate (CAGR) of 37 per cent during FY2009–10 to FY2013–14. The company has reported strong operating profit margins (in the range of 7.0–7.3 per cent) over the last four years. ASFPL's gearing (debt-to-net worth ratio) is low at 0.38 times as on March 31, 2014. The company's interest coverage ratio is comfortable at 6.45 times in FY2013–14.

ASFPL benefits from its experienced management. Mr. V.R.K. Rao, promoter of ASFPL, is an ex-serviceman with around 16 years of experience in Indian Air Force, and 20 years of experience in industrial security services. Mr. V. Amarnath (son of Mr. V.R.K. Rao) has 15 years of experience in the company's line of business ASFPL has a well-diversified clientele comprising ~100 customers.

ASFPL's operations are concentrated in Andhra Pradesh and Telangana. The company operates in an intensely competitive industry in which players witness high level of employee attrition. ASFPL's ability to maintain a strong financial profile amidst intense competition is a key rating sensitivity.

Outlook: Stable

SMERA believes ASFPL 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.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the company

ASFPL, incorporated in 1995, is a Hyderabad-based ISO 9001:2008-certified company owned by Mr. V.R. K. Rao, Mr. V. Amarnath, Mrs. V. Meena Kumari and Mrs. V. Geeta. The overall operations of the company are currently managed by Mr. V.R.K. Rao and Mr. V. Amarnath.

ASFPL provides housekeeping, manned guarding and manpower outsourcing services. The company has six branches and two training institutes.

For FY2013-14, ASFPL reported profit after tax (PAT) of Rs.2.80 crore on operating income of Rs.68.05 crore, as compared with PAT of Rs.1.81 crore on operating income of Rs.39.82 crore in FY2012-13. The company's net worth stood at Rs.9.02 crore as on March 31, 2014, as compared with Rs.6.22 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	Shripad Nande Manager – Corporate Ratings Tel: +91-22-6714 1329 Email: shripad.nande@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.