

Agile Security Force Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan	2.24	SMERA BBB/Stable (Reaffirmed)
Inland Letter of Guarantee	6.50	SMERA A3+ (Reaffirmed)
Overdraft (Proposed)	3.00	SMERA BBB/Stable (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA BBB**' (read as **SMERA triple B**) and short term rating of '**SMERA A3+**' (read as **SMERA A three plus**) on the Rs.11.74 crore bank facilities of Agile Security Force Private Limited (ASFPL). The outlook is '**Stable**'. The ratings continue to draw comfort from the established operations and comfortable financial profile. The ratings are also supported by the experienced management and diversified clientele. However, the ratings are constrained by the company's exposure to intense market competition, geographical concentration and employee attrition risks.

Update

The company's revenues have remained almost stagnant at Rs.85.33 crore in FY2016 (provisional) compared to Rs.80.64 crore in FY2015. The operating margins have remained healthy at around 8.04 per cent in FY2016 (provisional). The overall gearing stands low at 0.32 times as on March 31, 2016 (provisional). The interest coverage ratio and debt service ratio are comfortable at 8.68 times and 2.27 times respectively in FY2016 (provisional). The average cash credit utilisation stands at around ~94 per cent during January to June, 2016.

ASFPL's operations are concentrated in Andhra Pradesh and Telangana. The company operates in an intensely competitive industry with high employee attrition.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Maintaining comfortable financial risk profile

Outlook-Stable

SMERA believes ASFPL will maintain a stable outlook over the medium term owing to its experienced management and strong financial profile. The outlook may be revised to 'Positive' if the company maintains a strong financial profile on a sustained basis. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure.

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 are managed by Mr. V.R.K. Rao and Mr. V. Amarnath.

ASFPL provides housekeeping, manned guarding and manpower outsourcing services through its six branches and two training institutes.

For FY2015-16 (provisional), ASFPL reported profit after tax (PAT) of Rs.3.83 crore on operating income of Rs.85.33 crore, as compared with profit after tax (PAT) of Rs.3.55 crore on operating income of Rs.80.64 crore in FY2014-15.

Rating History

Date	Name of the Instruments	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
13 April, 2015	Term Loan	2.24	SMERA BBB (Assigned)	-	Stable
	Inland Letter of Guarantee	6.50	-	SMERA A3+ (Assigned)	-
	Overdraft (proposed)	3.00	SMERA BBB (Assigned)		Stable

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ABOUT SMERA

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