

September 14, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	1.20	SMERA A4 (Assigned)
Bank Facility (Proposed)	12.80	SMERA BB-/Stable/SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (**read as SMERA double B minus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs.17.00 crore bank facilities of Mandevi Building Management Services (MBMS). The outlook is '**Stable**'. The ratings draw support from the experienced promoters, established customer base and moderate financial risk profile. However, the ratings are constrained by the firm's small scale of business and working capital intensive operations with stretched liquidity position. The ratings are also constrained by the tender based business in a highly fragmented and competitive facility management industry.

Outlook: Stable

SMERA believes that MBMS will maintain a stable business risk profile over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the firm improves its liquidity position with healthy revenue growth. Conversely, the outlook may be revised to 'Negative' in case of decline in the firm's profitability or deterioration in the firm's liquidity position or financial risk profile.

Rating Sensitivity Factors

- Ability to scale up revenue while maintaining profitability.
- Improvement in the working capital management.

About the Firm

MBMS, a Mumbai-based proprietorship firm established in 1985 by Mr. Nitin Khamkar provides facility management services including housekeeping, maintenance among others.

The firm reported profit after tax (PAT) of Rs.0.36 crore on operating income of Rs.5.76 crore for FY2013-14, as compared with PAT of Rs.0.37 crore on operating income of Rs.4.82 crore in FY2012-13. For FY2014-15, the company reported PAT of Rs.0.73 crore (provisional) on operating income of Rs.11.22 crore (provisional). The firm's net worth stood at Rs.1.11 crore as on March 31, 2014, as compared with Rs.1.05 crore a year earlier.

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