

Indus Integrated Information Management Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Overdraft	3.00	SMERA BB/Stable (Assigned)
Proposed Overdraft	3.00	SMERA BB/Stable (Assigned)
Term Loan (Proposed)	2.50	SMERA BB/Stable (Assigned)
Bank Guarantee	0.40	SMERA A4+(Assigned)
Proposed Bank Guarantee	0.60	SMERA A4+ (Assigned)

SMERA has assigned long term rating of '**SMERA BB**' (**read as SMERA double B**) on the Rs.8.50 crore long term bank facilities and '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs.1.00 short term bank facility of Indus Integrated Information Management Limited (IIIML). The outlook is '**Stable**'.

The ratings are supported by the promoter's extensive experience in conducting skill development programmes, healthy growth in operating income and above average financial risk profile. However, the ratings are constrained by the working capital intensive business and stretched liquidity.

IIIML, incorporated in 2003 conducts skill development and training programmes for state governments. The company was promoted by Mr Kushal Maitra who possesses 28 years of experience in the business. The company clocked healthy growth in revenue of Rs.53.84 crore in FY2016 from Rs.12.95 crore in FY2013 registering CAGR of ~60 per cent for the last three years. The financial risk profile is above average marked by comfortable interest coverage ratio and DSCR of 10.02 and 4.12 times respectively in FY2016, comfortable gearing of 0.12 times and net worth base of Rs.14.54 crore in FY2016. SMERA has considered interest free unsecured loan from promoters of Rs.8.88 crore as quasi-equity based on undertaking received from the management confirming the maintenance of the said amount in the company over the medium term.

However, IIIML has elongated working capital cycle marked by stretched debtor days of 134 in FY2016 as compared to 154 days in FY2015. High receivables are on account of delay in realisation from state government and their respective departments. The ratings also factor in the stretched liquidity position evident from the full utilisation of overdraft limit of Rs3.00 crore between April to September'16.

Rating Sensitivity Factors

- Scaling up operations while improving profitability
- Efficient working capital management

Outlook – Stable

SMERA believes that IIIML will maintain a stable outlook in the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers higher-than-expected growth in revenues and profitability or manages liquidity by improving its working capital management. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile owing to higher working capital requirements.

About the Company

IIIML, incorporated in 2003 was promoted by Mr Kushal Maitra who possesses 28 years of experience in the business. The company has a tie-up with National Skill Development Corporation (NSDC) to conduct skill development and training programmes for state governments. IIIML has been imparting training and development programmes for various sectors including beauty and wellness, security, automobiles, tourism, IT/ITES among others. The company operates through 421 training centres in 20 states.

For FY2016, the company achieved net profit after tax (PAT) of Rs.2.04 crore on operating income of Rs.53.84 crore as compared with PAT of Rs.0.87 crore on operating income of Rs.23.06 crore in FY2015.

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ABOUT SMERA

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