

Press Release

Impressions Services Private Limited

July 05, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 45.00 Cr.
Long Term Rating	ACUITE BBB+ / Outlook: Stable
Short Term Rating	ACUITE A2

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB+** (**read as ACUITE triple B plus**) and short term rating of '**ACUITE A2**' (**read as ACUITE A two**) on the Rs.45.00 crore bank facilities of Impressions Services Private Limited. The outlook is '**Stable**'.

Impressions Services Private Limited (ISPL) was established in 1991 as a proprietorship concern. Later, in 2002 the constitution was changed to private limited. The company is engaged in providing Housekeeping Services, which includes services such as pantry service, catering service, pest control, among other. The company is promoted by Mr. Bikramsingh Chadha and Mrs. Sonu Chadha.

Key Rating Drivers

Strengths

- **Long track record of operations and experienced management**

The company, established in 1991, has long track record of operations and enjoys comfortable relations with customers enabling it to maintain steady revenue growth. Mr. Bikramsingh Chadha, the promoter, has experience of around two decades in the said line of business and is joined by his wife, Mrs. Sonal Chadha. Acuité believes that ISPL will benefit from its established position in the facility management industry, experienced management and established relations with customers.

- **Diversified customer base**

The company has pan India presence. The company has branches across India, along with more than 150 customers from diversified industries such as BFSI, telecom, education sector and also embassies such as German embassy and American embassy. The reputed clientele base includes Bank of Tokyo, Mitsubishi Limited, Presidents Secretariat (Rashtrapati Bhawan) - New Delhi, Indira Gandhi International Airport New Delhi, to name a few.

- **Healthy revenue growth**

The revenue of the company has grown at a CAGR of ~14 percent for last four years ending March, 2018. The revenue stood at Rs.251.87 crore for FY2017 as against Rs.210.83 crore in the previous year. Further, the revenue stood at Rs.288.45 crore for FY2018 (Provisional).

- **Healthy financial risk profile**

The financial risk profile of the company is healthy marked by net worth of Rs.61.82 crore as on 31 March, 2018 (Provisional) as against Rs.53.72 crore in the previous year. The gearing (debt-equity) stood at 0.72 times as on 31 March, 2018 (Provisional) as against 0.57 times as on 31 March, 2017. The total debt of Rs.44.76 crore as on 31 March, 2018 (Provisional) comprises of term loan of Rs.8.65 crore, unsecured loan from directors of Rs.11.79 crore and working capital facility of Rs.24.32 crore. Interest coverage ratio stood at 6.79 times for FY2018 (Provisional) as against 6.09 times for FY2017. DSCR stood at 3.15 times for FY2018 (Provisional) as against 2.40 times in the previous year. Total outside liabilities to tangible net worth (TOL/TNW) stood at 1.28 times as on 31 March, 2018 (Provisional) as against 1.19 times as on 31 March, 2017.

NCA/TD stood at 0.26 times for FY2018 (Provisional) as against 0.47 times for FY2017. Acuité believes the financial risk profile of the company to remain healthy in absence of any major debt funded capex and healthy net cash accruals.

Weaknesses

- **Decline in profitability margins**

The profitability of ISPL has been on a declining trend from FY2016 to FY2018 (Provisional). EBITDA margin has declined from 7.65 percent in FY2016 to 7.06 percent in FY2018 (Provisional). Further, PAT margin has also declined from 3.88 percent in FY2016 to 2.81 percent in FY2018 (Provisional).

- **Highly fragmented and competitive security service industry**

The private security services market is dominated by large multinationals and Indian players on one end and a fairly fragmented, unorganised segment on the other. The key service offerings for private security players are manned guarding and cash services apart from electronic security services. The Indian security services industry has grown rapidly in the last decade.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of ISPL to arrive at the rating.

Outlook: Stable

Acuité believes that ISPL will maintain a 'Stable' outlook over the medium term on the back of its experienced management and comfortable financial risk profile. The outlook may be revised to 'Positive' in case the company maintains strong growth in revenues and profit margins while maintaining a comfortable capital structure. Conversely, the outlook may be revised to 'Negative' in case of large, debt-funded, capital expenditure (capex), leading to deterioration in its capital structure.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	288.45	251.87	210.83
EBITDA	Rs. Cr.	20.36	18.02	16.13
PAT	Rs. Cr.	8.10	8.13	8.18
EBITDA Margin	(%)	7.06	7.16	7.65
PAT Margin	(%)	2.81	3.23	3.88
ROCE	(%)	18.39	21.07	23.98
Total Debt/Tangible Net Worth	Times	0.72	0.57	0.51
PBDIT/Interest	Times	6.79	6.09	8.55
Total Debt/PBDIT	Times	2.16	1.68	1.33
Gross Current Assets (Days)	Days	153	137	133

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BBB+/Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	16.00	ACUITE BBB+/Stable (Assigned)
Dropline Overdraft	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BBB+/Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE BBB+/Stable (Assigned)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A2 (Assigned)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A2 (Assigned)
Proposed	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A2 (Assigned)

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About Acuité Ratings & Research:

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