

Rating Update
April 26, 2023 | Mumbai**Bombay Intelligence Security India Limited****Update as on April 26, 2023**

This update is provided in continuation of the rating rationale below.

The key rating sensitivity factors for the rating include:

Upward factors

- Sustained growth in revenue with sustained increase in operating margins above 7% leading to much higher cash accruals
- Sustained capital structure and liquidity profile on back of continued efficient working capital management

Downward factors

- Decrease in revenue or operating margins leading to cash accruals below Rs 25 crores
- Deterioration in capital structure or liquidity

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, CRISIL Ratings seeks regular updates from companies on the business and financial performance. CRISIL Ratings is, however, awaiting adequate information from Bombay Intelligence Security India Limited (BIS) which will enable us to carry out the rating review. CRISIL Ratings will continue provide updates on relevant developments from time to time on this credit.

CRISIL Ratings also identifies information availability risk as a key credit factor in the rating assessment as outlined in its criteria 'Information Availability Risk in Credit Ratings'.

About the Company

BIS, incorporated in 1988, provides manned guarding, cash management, and facility management services. It is headquartered in Mumbai and has 57 branch offices across India. The company was promoted by late Mr. Ram Niwas Singh and is presently managed by Mr. Santosh Singh, Ms. Geeta Singh and Mr. Amarjeet Singh.

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Rating Rationale

February 23, 2022 | Mumbai

Bombay Intelligence Security India Limited

Rating Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.30 Crore
Long Term Rating	CRISIL A-/Stable (Reaffirmed)

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1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its rating on the long-term bank facility of Bombay Intelligence Security India Limited (BIS) at 'CRISIL A-/Stable'.

The rating continues to reflect an established market position of the company in the manned guarding services in India supported by robust relationship with strong and diversified client base along with efficient working capital management. The rating also factors in a healthy financial risk profile and flexibility. These strengths are partially offset by exposure to intense competition in the security services industry in India.

Key Rating Drivers & Detailed Description

Strengths:

- **Established market position supported by robust relationship with existing clients:** The BIS has been in the security services industry (especially in the manned guarding segment) for over 4 decades and has a large manpower of 40,000-45,000 guards. Company has more than 57 branch offices across India. Saraswat Bank, State Bank of India, ICICI Bank Limited, AIIMS, MMRDA among others form the part of established client base across India. Further company caters across segments like banking and financial services, education institutes, corporates, and hospitals among others. BIS's ability to maintain its standard of services has resulted in a steady order flow over the years.
- **Efficient working capital management:** Moderate receivable cycle (~40 days) has resulted in efficient working capital management reflected in gross current assets ranging ~60 days over the past 3 years ended March 31, 2021. The company is expected to maintain its working capital cycle in the similar range over the medium term.
- **Healthy financial risk profile:** Low total outside liabilities to adjusted networth (TOLANW) of 0.66 time on a strong networth of Rs.272 crore represents healthy financial risk profile. Low interest outlay along with steady operating margin has resulted in comfortable interest coverage ratio of 15.5 times for fiscal 2021. Further, company had liquid investments of Rs 262 crore as on March 31, 2021 which has resulted in debt to liquid investments ratio of less than 1 indicating financial flexibility.

Weakness:

- **Exposure to intense competition:** The security services industry comprises of large multinational and Indian players on one end and a fairly fragmented, unorganized segment on the other end. The consequent intense competition continues to constrain scalability, pricing power and profitability. Although, unorganised players hold around 65% of the domestic market, the share of organised players may increase over the medium term with more focus on compliance after the implementation of the Goods and Services Tax, stricter enforcement of minimum wage bill, and the Private Security Agency Regulation Act and the recently passed Labour Reforms bills.

Revenue of BIS has remained range bound at around Rs 550-600 crore and operating margins operating margins declined steadily from 6.96% in 2017 to 4.34% in 2021 mainly on account of increasing competition due to which the

Fund Based Facilities	LT	30.0	CRISIL A-/Stable	--	29-01-21	CRISIL A-/Stable	--	07-10-19	CRISIL A-/Stable	CRISIL A-/Positive
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All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Overdraft Facility	30	Saraswat Bank	CRISIL A-/Stable

This Annexure has been updated on 02-Mar-23 in line with the lender-wise facility details as on 23-Jan-23 received from the rated entity.

Criteria Details

Links to related criteria
The Rating Process
Understanding CRISILs Ratings and Rating Scales
CRISILs Bank Loan Ratings
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating criteria for manufacturing and service sector companies
Understanding CRISILs Ratings and Rating Scales

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