

JANUARY 12, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF PEST CONTROL (INDIA) PVT LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Fund-based Bank Facilities	15.00	CARE A (Single A)	Reaffirmed
Long-term Bank Facilities (Term Loan)	8.61 (reduced from Rs.12.83 crore)	CARE A (Single A)	Reaffirmed
Short-term Non-fund-Based Bank Facilities	4.50	CARE A1 (A One)	Reaffirmed
Total	28.11		

Rating Rationale

The ratings of Pest Control (India) Pvt Limited (PCI) continue to derive strength from its established track record in the pest management services business, leadership position in the segment with pan-India coverage, good brand image & clientele profile, comfortable capital structure and liquidity profile.

The ratings, however, continue to be constrained by the increasing competition due to the low entry barriers associated with the business and escalating cost putting pressure on the profitability margins.

The company's ability to improve its profitability margins considering the increasing cost and competition remains the key rating sensitivity.

Background

Incorporated in 1954, PCI is a pioneer in the field of pest control management in India. PCI offers a comprehensive range of solutions from professional pest management services to products and equipment through a countrywide network of over 220 offices and over 4,500 personnel.

PCI is the leading player in this business having a market share of around 40% of the organized pest control services business in India. To strengthen its international presence, PCI has set up a joint venture with local partners in Thailand and Nepal. Around 40% of the service income (70% of total income) is contributed by pest control services provided to residential clients (entirely against advance payment) and the balance 60% is contributed by corporates.

During FY14 (refers to the period April 1 to March 31), the company reported a PAT of Rs.3.86 crore (PY: Rs.8.40 crore) on a total operating income of Rs.325.56 crore (PY: Rs.282.32 crore). Furthermore, during H1FY15, the company reported a net profit of Rs.3.93 crore on a total operating income of Rs.172.47 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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