

November 30, 2015

Facility	Amount (Rs. Crore)	Rating
Overdraft	6.50	SMERA BB-/Stable (Upgraded from SMERA B/Stable)

SMERA has upgraded the long term rating on the Rs.6.50 crore fund based loan facility of Shree Sidhi Vinayak Enterprises (SSVE) to '**SMERA BB-**' (read as **SMERA double B minus**) from '**SMERA B**' (read as **SMERA B**). The outlook is '**Stable**'. The upgrade reflects improvement in the financial risk profile of the company marked by healthy increase in operating income and return indicators. The ratings are also supported by the established presence of 'Bikanerwala' and the company's experienced management. However, the rating is constrained by the intensely competitive segment of the hospitality industry and exposure to raw material fluctuation risk.

Update

SSVE reported profit after tax (PAT) of Rs.0.70 crore on operating income of Rs.37.90 crore in FY2014-15 (refers to financial year, April 01 to March 31), as compared with PAT of Rs.0.64crore on operating income of Rs.32.73 crore in the previous year. The operating income of the company increased ~16 per cent in FY2014-15. The ROCE (EBIT to total capital employed ratio) improved from 10.11 per cent in FY2013-14 to 11.95 per cent in FY2014-15. The company's profitability margins remain susceptible to volatility in prices of raw material. SSVE operates in the competitive segment of the hospitality industry. The net worth of the company increased to Rs.7.13 crore as on March 31, 2015 from Rs.6.76 crore as on March 31, 2014.

Outlook: Stable

SMERA believes SSVE will maintain a stable business risk profile over the medium term. The company will continue to benefit from the experienced management and established relations with customers. The outlook may be revised to 'Positive' in case SSVE registers strong growth in revenues and cash accruals while achieving a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the revenues and cash accruals, or with deterioration in the company's financial risk profile and liquidity position.

About the Company

SSVE, established in 2009, is a Gajraula-Uttar Pradesh based partnership firm promoted by Mr. Devendra Nagpal and Mr. Mukesh Kumar. SSVE operates a restaurant under a franchise arrangement with 'Bikanerwala'.

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SMERA RATINGS LIMITED

Shree Sidhi Vinayak Enterprises (SSVE)

Rating Rationale

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