

Press Release

Shree Sidhi Vinayak Enterprises

March 29, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 6.50 Cr.
Long Term Rating	SMERA BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA BB-**' (**read as SMERA BB minus**) on the Rs. 6.50 crore bank facilities of Shree Sidhi Vinayak Enterprises. The outlook is '**Stable**'.

The Uttar Pradesh-based Shree Sidhi Vinayak Enterprises (SSVE) was established in 2009 as a partnership firm by Mr. Devendra Nagpal and Mr. Mukesh Kumar. The firm runs a restaurant under a franchise arrangement with 'Bikanervala'

Key Rating Drivers

Strengths

- **Experienced promoters and second line of management**

SSVE was established in 2009 by Mr. Devendra Nagpal and Mr. Mukesh Kumar as a partnership firm. The partners possess experience of over two decades and are engaged in the day-to-day operations of the firm.

- **Moderate financial risk profile**

The firm has moderate financial risk profile marked by gearing of 0.79 times as on March 31, 2016 against 0.98 percent in FY2014-15. Moreover, the interest coverage ratio stood at 2.32 times in FY2015-16 against 2.36 times in FY2014-15. The operating margin stood at 5.86 per cent in FY2015-16 against 5.66 per cent in FY2014-15. The firm registered moderate operating income of Rs.37.93 cr in FY2015-16 that improved from Rs.37.90 cr in FY2014-15.

- **Strategic location and strong brand presence**

The firm is strategically located at Gajraula-NH-24, a prime location ensuring regular stream of visitors.

Weaknesses

- **Competitive and fragmented industry**

The food and beverages industry is highly competitive with the presence of multiple players resulting in intense competition from organised and unorganised players.

- **Working capital Intensive business**

The operations of the firm are moderately working capital intensive marked by GCA days of 98 in FY2015-16 as compared to 97 a year earlier. The GCA days are evident from the inventory days of 86 in FY2015-16 as against 85 days a year earlier.

Analytical Approach

SMERA has taken a standalone view of the financial and business risk profiles of SSVE.

Outlook: Stable

SMERA believes that SSVE will maintain a stable outlook in the medium term on account of its experienced management. The outlook may be revised to Positive in case the firm registers healthy growth in revenues while improving profitability. Conversely, the outlook may be revised to Negative in case the firm takes on any large capex.

About the Rated Entity - Key Financials

In FY2015-16 the firm achieved operating income of Rs.37.93 cr with Profit After Tax (PAT) of 0.75 cr as compared to operating income of Rs. 37.90 cr with PAT of 0.73 cr a year earlier. The networth of the firm stood at Rs.8.56 cr in FY2015-16 as against Rs.7.13 cr a year earlier.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
30-Nov-2015	Overdraft	Long Term	INR 6.5	SMERA BB- / Stable
28-Aug-2014	Overdraft	Long Term	INR 6.5	SMERA B / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	6.50	SMERA BB- / Stable

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