

September 29, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	18.00	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B**' (**read as SMERA B**) to the Rs.18.00 crore bank facility of Shiv Shakti Industries (SSI). The outlook is '**Stable**'. The rating is constrained by the project's nascent stage of operations, regulatory restrictions on long-leased stone quarrying, below average financial risk profile marked by moderately aggressive capital structure and weak debt protection metrics. However, the rating derives comfort from the promoter's extensive experience in stone quarrying and brand image of Choice Hotels India Pvt. Ltd. (Comfort Inn) with which it has a tie-up.

Rating Sensitivity Factors

- Successful completion of the project
- Withdrawal of regulatory restriction on long-leased stone quarrying
- Substantial and sustainable growth in revenues or operating margins
- Future capex and funding mix thereof

Outlook: Stable

SMERA believes that SSI would continue to benefit over the medium term from its promoters extensive business experience. The outlook may be revised to 'Positive' if the company generates more than sufficient cash accruals as against its debt obligation or if quarrying resumes reporting substantial and sustainable revenues or operating margins. Conversely, the outlook may be revised to 'Negative' in case of cost overruns on the hotel project or if the company reports adverse financial results.

About the Company

Established in 1998, SSI, a proprietorship concern promoted by Mr. Jitendrasinh Dodiya is engaged in stone quarrying. The firm soon plans to set up a three star hotel under the name 'Comfort Inn - Khanvel' at Khanvel (Silvassa - Dadra and Nagar Haveli). The commercial operations of the project are expected to commence from May, 2016.

For FY2013-14, SSI reported PAT (profit after tax) of Rs.0.28 crore on sales of Rs.1.05 crore as compared with PAT of Rs.0.26 crore on sales of Rs.3.27 crore for FY2012-13. For FY2014-15 (as per provisional financials for the period of April 1, 2014 to December 31, 2015), SSI reported net profit of Rs.0.07 crore on sales of Rs.0.62 crore.

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