

G. Thiruvengadam: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Term Loan – I	1.43	SMERA B-/Stable (Assigned)
Term Loan – II	3.94	SMERA B-/Stable (Assigned)
Term Loan - III	0.63	SMERA B-/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B-**' (read as SMERA B minus) on the Rs.6.00 crore bank facilities of G. Thiruvengadam (GT). The outlook is '**Stable**'.

The rating is constrained by the small scale of operations and high gearing. The rating also factors in the intense competition in the hospitality industry. However, the rating draws support from the experienced management.

GT is in the hospitality business and rents out its banquet hall for various functions including marriages, parties among others. The financial risk profile is moderate marked by small scale of operations with revenue of Rs.5.43 crore in FY2014-15 and net profit of Rs.0.23 crore. The gearing (debt-to-equity) has been high at 5.60 times as on March 31, 2015. Moreover, the interest coverage ratio and debt service coverage ratio stood at 2.78 times in FY2014-15. The firm registered PAT margin of 4.19 per cent in FY2014-15. GT operates in an intensely competitive segment of the hospitality industry.

Outlook: Stable

SMERA believes that GT will maintain a stable outlook in the medium term owing to the experience of the proprietor. The outlook may be revised to 'Positive' in case of improvement in revenue, profitability and net worth. Conversely, the outlook may be revised to 'Negative' with further deterioration in revenue, profitability and net worth.

Rating Sensitivity Factors

- Improvement in revenue and profitability profile
- Management of working capital funds

About the Firm

The Tamil Nadu-based, GT was incorporated as a proprietorship firm in 2013 by Mr. G Thiruvengadam. The firm rents out its banquet hall for various functions including marriages, parties among others.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.23 crore on operating income of Rs.5.43. The net worth stood at Rs.1.63 crore as on March 31, 2015.

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ABOUT SMERA

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