

Press Release

SILVER SANDS HOLIDAY VILLAGE (SSHV)

06 March, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 15.00 crore bank facilities of SILVER SANDS HOLIDAY VILLAGE (SSHV). The outlook is '**Stable**'.

The Goa-based SSHV, part of the Silver Group of hotels was established in 1996. The group, established by Mr. Agnelo Fernandes, runs hotels at Candolim Beach, Goa. Silver Sands Hideaway (SSH) and Silver Sands Serenity (SSS) are part of the group.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

The hotel was established in 1996 by Mr. Agnelo Fernandes, Proprietor who possesses more than two decades of experience in the hospitality industry.

- **Locational advantage**

SSHV, SSH, SSS are the premium properties located in close proximity to Candolim Beach. The hotel enjoys 100 percent occupancy during the peak season (Oct-April) and 80 per cent in Monsoon (Jul-Sep).

Weaknesses

- **Geographical concentration risk**

The Silver Group has been in the hotel business for the last two decades and operates at Candolim, Goa. With no expansion to other locations so far, the firm is exposed to geographic concentration risk.

- **Moderate scale of operations**

The scale of operations is small reflected in the stagnant revenue trend of the group with revenue of Rs. 8.05 crore, 6.40 crore and Rs. 5.97 crore for FY2017, FY2016 and FY2015 respectively.

- **Below-average financial risk profile**

The financial risk profile is average marked by net worth of Rs. 9.08 crore as on 31 March, 2017 as compared to Rs. 8.88 crore as on 31 March, 2016. The adjusted gearing (debt-equity) stood at 2.65 times as on 31 March, 2017 as compared to 1.78 times as on 31 March, 2016. The total debt mainly includes long term loans of Rs.25.47 crore as on 31 March, 2017 as against Rs.16.25 crore as on 31 March, 2016. The Interest Coverage Ratio (ICR) stood at 4.45 times in FY2017 and 7.84 times in FY2016. The Debt Service Coverage ratio (DSCR) stood at 2.50 times in FY2017 and 7.84 times in FY2016. The total outstanding liabilities to total Net Worth (TOL/TNW) increased to 3.58 times as on 31 March, 2017 as against 2.21 times in the previous year.

Analytical Approach

SMERA has considered the consolidated business and financial risk profiles of SSHV and its sister concerns Silver Sands Hideaway (SSH) and Silver Sands Serenity (SSS) which are together referred to as the 'Silver Group'. These companies derive significant business synergies from each other.

Outlook: Stable

SMERA believes that SSHV will maintain a stable outlook in the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the firm achieves higher than expected revenue and sustains profitability. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates further.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	8.05	6.40	5.97
EBITDA	Rs. Cr.	1.18	2.35	1.95
PAT	Rs. Cr.	0.14	1.14	1.22
EBITDA Margin	(%)	14.66	36.77	32.70
PAT Margin	(%)	1.75	17.75	20.49
ROCE	(%)	2.88	8.37	15.26
Total Debt/Tangible Net Worth	Times	2.81	1.83	0.20
PBDIT/Interest	Times	4.45	7.84	15.17
Total Debt/PBDIT	Times	21.57	6.91	0.79
Gross Current Assets (Days)	Days	253	138	150

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

Not Applicable

Any other information

Not Applicable

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 (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
01-Dec, 2016	Term Loan	Long Term	INR 15	SMERA B+ / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	9.36	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	4.69	SMERA B+ / Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.95	SMERA B+ / Stable

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ABOUT SMERA

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