

## Press Release

### Millennium Business Centre (MBC)

28 March, 2018



#### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 6.00 Crore
<b>Long Term Rating</b>	SMERA B / Outlook: Stable

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned long term rating of '**SMERA B**' (read as SMERA B) on the Rs. 6.00 crore bank facilities of Millennium Business Centre. The outlook is '**Stable**'.

The Nashik-based, Millennium Business Centre (MBC) is a partnership firm established in 2001 by three brothers viz. Mr. Deepak Patil, Mr. Suhas Patil and Mr. Mohan Patil. The firm runs 'Yahoo Hotel', a restaurant in Nashik spread across 7000 square feet (Sq. Ft.) with seating capacity of 240. MBC also has two banquet halls with seating capacity of 50 each.

#### Key rating drivers

##### Strengths

##### Experienced management

Mr. Deepak Patil, Mr. Suhas Patil and Mr. Mohan Patil have over 15 years of experience in the hospitality industry.

##### Favourable location

The restaurant is located at Canada Corner, a prime location in Nashik and caters to an upmarket audience.

##### Weaknesses

##### Modest scale of operations amidst intense competition

The scale of operations is modest with revenue of around Rs. 2.74 crore in FY2017 and Rs. 1.02 crore in FY2016. The restaurant faces intense competition from other players in the locality. Besides, with a specific theme and cuisine, the flexibility and consumer preferences are restricted affecting profit margins.

##### On-going debt funded capital expenditure

MBC plans to expand capacity to set up a lodging facility spread across 22000 Sq. Ft. to accommodate 50 rooms and a banquet hall with seating capacity of 250. The total cost of the project is Rs. 10.26 crore to be funded by term loan of Rs. 5.00 crore and promoter's funds of Rs. 5.26 crore. The new lodge called "Hotel MBC" is expected to commence operations from July

2018. SMERA believes that timely completion of the project will be crucial for the future performance of MBC.

#### **Analytical approach:**

SMERA has considered the standalone business and financial risk profile of Millennium Business Centre to arrive at the rating.

#### **Outlook – Stable**

SMERA believes that MBC's outlook will remain 'Stable' owing to the extensive experience of the partners and favourable location of the restaurant. The outlook may be revised to 'Positive' if the scale of operations increases substantially, along with increase in operating profitability and comfortable capital structure. Conversely, the outlook may be revised to 'Negative' in case of weakening of the operating margins or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

#### **About the Rated Entity - Key Financials**

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	2.74	2.01	1.36
EBITDA	Rs. Cr.	0.21	0.12	0.07
PAT	Rs. Cr.	0.17	0.08	0.05
EBITDA Margin (%)	(%)	7.68	6.01	5.09
PAT Margin (%)	(%)	6.15	4.12	3.35
ROCE (%)	(%)	3.69	3.51	4.63
Total Debt/Tangible Net Worth	Times	0.69	0.03	0.00
PBDIT/Interest	Times	22.88	29.60	165.12
Total Debt/PBDIT	Times	12.93	0.74	0.00
Gross Current Assets (Days)	Days	67	48	53

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

None

#### **Any other information:**

Not Applicable

#### **Applicable Criteria**

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Service 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)**

Not Applicable

**\*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 Loan	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B/ Stable (Assigned)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B/ Stable (Assigned)

**Contacts:**

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: +91-22-6714 1107 <a href="mailto:suman.chowdhury@smera.in">suman.chowdhury@smera.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>
Amogh Kharkar, Analyst - Rating Operations Tel: +91-22-6714 1315 <a href="mailto:amogh.kharkar@smera.in">amogh.kharkar@smera.in</a>	

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit [www.smera.in](http://www.smera.in).

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.