

Press Release

SRS Finance Limited (SRS)

18 July, 2017



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 75.00 Cr
Long Term Rating	SMERA D (Reaffirmed)

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the rating of **SMERA D (read as SMERA D)** on the Rs. 75.00 crore bank facilities of SRS Finance Limited (SRS).

SRS, incorporated in 1994, is a Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India. The company is part of the SRS Group which has interests in cinemas, real estate, retail goods and jewellery.

The rating reaffirmation reflects continued delays in debt servicing by the company on account of its stretched liquidity profile, deteriorating asset quality and weak capitalisation levels.

List of Key Rating Drivers and their detailed description

Strengths:

Experienced promoters: SRS was promoted by Mr. Bishan Bansal, Mr. Naresh Goyal, Mr. Deepal Garg and others with substantial experience in the NBFC segment.

Weakness:

Delay in servicing of debt obligations: The rating reflects delays in debt servicing by SRS. The company has been classified as a Non-Performing Asset by the bankers on account of continued overdrawning in the Cash Credit account.

Analytical approach: SMERA has considered the standalone business and financial risk profile of the company.

Applicable Criteria

- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition:-<https://www.smera.in/criteria-default.htm>

About the Rated Entity – Key Financials

The company reported Profit After Tax (PAT) of Rs. 6.36 crore in FY2015 on operating income of Rs. 11.95 crore against PAT of Rs. 5.07 crore in FY2014 on operating income of Rs. 9.13 crore.

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

Any other information: NA

Rating History for the last three years:

Name of Instruments	FY2018 (Current)			FY2017		FY2015		FY2015	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	75.00	SMERA D (Reaffirmed)	22 Jun, 2016	SMERA D (Downgraded from SMERA BBB-/Stable)	03 Mar, 2015	SMERA BBB-/Stable (Upgraded from SMERA BB+/Stable)	6 Jun, 2014	SMERA BB+/Stable (Upgraded from SMERA BB/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
Cash Credit	N.A	N.A	N.A	75.00	SMERA D (Reaffirmed)

Note on complexity levels of the rated instrument:
<https://www.smera.in/criteria-complexity-levels.htm>
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ABOUT SMERA

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