

Press Release

SRS Finance Limited (SFL)

September 10, 2018

Rating Reaffirmed



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

*Refer Annexure for detail

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE D**' (read as **ACUITE D**) on the Rs.75.00 Cr bank facilities of SRS Finance Limited (SFL).

About the company

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.

Key rating drivers

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.

Weaknesses

Delay in debt servicing obligations and stretched liquidity position

The rating reflects delays in debt servicing by SFL. The company has been classified as a Non-Performing Asset by the bankers on account of continued overdrawn in the Cash Credit account.

Applicable Criteria

- Non-Banking Finance Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Application of Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.htm>

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of MSPL.

About the Rated Entity - Key Financials

The company reported Loss of Rs. 1.50 Cr during FY17 on operating income of Rs. 1.80 crore against PAT of Rs. 3.33 crore in FY16 on operating income of Rs. 52.94 crore for the same period.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities- <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
18-Jul-17	Cash Credit	Long Term	75.00	ACUITE D (Reaffirmed)
22-Jun-16	Cash Credit	Long Term	75.00	ACUITE D (Downgraded from ACUITE BBB-/Stable)
3-May-15	Cash Credit	Long Term	75.00	ACUITE BBB-/Stable (Upgraded from ACUITE BB+/Stable)
06-Jun-14	Cash Credit	Long Term	75.00	ACUITE BB+/Stable (Upgraded from ACUITE BB/Stable)
11-Jun-13	Cash Credit	Long Term	25.00	ACUITE BB/Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Rating/ Outlook
Cash Credit	NA	NA	NA	75.00	ACUITE D (Reaffirmed)

Contacts

Analytical	Rating Desk
Manish Saraf Head-Financial Sector Ratings Tel: 022-67141111 manish.saraf@acuite.in Aditi Shah Analyst - Rating Operations Tel: 022-67141371 aditi.shah@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@acuite.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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