

Rating Rationale

M/s P. Siva Prasad

19th June 2017

Brickwork Ratings reaffirms BWR BB-/A4 for the Bank Loan Facilities amounting to Rs.8.90 Crs of M/s P. Siva Prasad

Particulars

Facility #	Previous Rating Amount (₹ Cr)	Present Rating Amount (₹ Cr)	Tenure	Previous Rating	Present Rating ¹
<u>Fund based</u>					
Cash Credit	2.50	2.50	Long Term	BWR BB- (Pronounced BWR Double B Minus) (Outlook: Stable)	BWR BB- (Pronounced BWR Double B Minus) (Outlook: Stable) <i>Reaffirmed</i>
Term Loans	6.62	5.32			
Short Term Loan	0.23	0.00			
<u>Non Fund Based</u> Bank Guarantee	3.33	1.08	Short Term	BWR A4	BWR A4 <i>Reaffirmed</i>
Total	12.68	8.90	Rupees Eight Crores and Ninety Lakhs Only		

¹Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings Reaffirmed

Rationale/ Description of Key Rating Drivers/ Rating Sensitivities

BWR has essentially relied upon the audited financials upto FY16, publicly available information and information / clarifications provided by the concern's management.

The ratings continue to draw comfort from the proprietor's vast experience in railway catering business, long term contracts with the Indian Railways and established relationships with customers and suppliers. However, the ratings remain constrained by stagnant revenues, negative debt service coverage, high gearing and inherent risk of proprietorial constitution.

Going forward, the ability of the concern to increase its scale of operations and profitably, manage its working capital efficiently, prompt repayment of term loans, maintain quality and Hygiene catering services, and improve its overall profile would be the key rating sensitivities.

Rating Outlook: Stable

BWR believes M/s P. Siva Prasad's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement.

The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Concern

M/S P. Siva Prasad was established as a proprietorship firm in 2002 by Mr. P. Siva Prasad. The firm's office is located in Secunderabad, Andhra Pradesh. The firm is involved in providing catering services to Indian Railways. P. Siva Prasad is currently operating 7 pantries, 2 food plazas, 2 refreshment rooms and catering to 219 trains across Andhra Pradesh.

Mr P. Siva Prasad is the sole proprietor of the concern.

Financial Performance

M/S P. Siva Prasad reported Net Revenue of Rs. 25.59 Crs and PAT of Rs. 0.47 Crs in FY16 compared to Net Revenue of Rs. 25.44 Crs and PAT of Rs. 0.44 Crs in FY15. On a provisional basis, the concern has reported Net revenue of around Rs. 25.00 Crs for FY17.

Rating History for the last three years:

Sl. No	Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015 # 31-12-15	2014 12-09-2014
1	Over Draft	Long Term	2.50	BWR BB-	NIL	BWR BB-	BWR BB
2	Term Loans*		5.32				
3	Bank Guarantee	Short Term	1.08	BWR A4	NIL	BWR A4	BWR A4+

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.