



Rating Rationale

30 Wall Street

18 May 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 3.50 Crores of 30 Wall Street.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	3.50	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable
Total	3.50	INR Three Crores Fifty Lakhs Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the company's projected financial statements of FY18, FY19 and FY20 and publicly available information and the information/clarifications provided by the firm.

The ratings draws strength from the experience of the management team in the restaurant industry and favourable location of the speciality restaurant and lounge. However, the rating is constrained by the firm being at the nascent stage, fragmented nature of industry, exposure to risks related to the highly regulated nature of the liquor industry. Further being a proprietorship firm, any withdrawals of the capital by the proprietor for any contingencies would adversely impact the capital structure which would be a rating sensitivity.

Going forward, the ability of the firm to operate without any cost or time overrun, improve profitability and manage its working capital efficiently will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced Management:** Mr.Sunil Kumar is the proprietor of this speciality restaurant and he has more than 7 years of experience in the hotel management business. He has worked in many reputed restaurants across various cities like Mangalore, Puducherry etc .,
- **Favourable Location Of the Speciality restaurant & Lounge:** 30 Wall Street is located in Church street which is one of the booming and rapidly expanding party hub of bangalore



Credit Risks:

- **Operational Risk:** 30 Wall street is a fine dining speciality restaurant and lounge bar established in 2017. It is located in Church street, Bangalore. Firm is expected to commence operations from July 2018. The ability of the firm to operate without any cost or time overrun will remain a rating sensitivity factor
- **Highly Fragmented Nature of the industry:** 30 Wall Street is operating in a highly fragmented industry with a number of players. The players in the industry do not have pricing power and are exposed to the competition induced pressures on profitability.
- **Exposure to risks related to highly - regulated nature of the liquor industry:** The Indian Liquor industry is highly regulated at almost every stage in value chain. Moreover, every state has its own regulations with respect to distribution and retail, registration, taxation and pricing of alcohol. Any change in the regulatory environment will affect the profitability of liquor industry
- **Constitution of the entity as a proprietorship concern:** 30 wall street being a proprietorship concern, is exposed to inherent risk of capital withdrawal at the time of personal contingency which will affect its capital structure

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **30 Wall Street** 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 Company

30 Wall street is a fine dining speciality restaurant and lounge bar established in 2017. It is located in Church street, Bangalore. It is a proprietorship concern. Mr.Sunil Kumar is the proprietor of this speciality restaurant and he has more than 7 years of experience in the hotel management business. He has worked in many reputed restaurants such as 'La Casole' across various cities like Mangalore, Puducherry etc ., The restaurant features a dining room and a lounge with 300 plus seating capacity. Menu will be inspired from different cuisines across the globe. It will serve breakfast, lunch, evening snacks and dinner and will be open seven days a week. It targets to appeal to a wide and varied clientele of various age categories and cultures. The speciality restaurant is expected to commence operations from July 2018 onwards



Company Financial Performance

The company is expected to commence operations from July 2018. The projected net revenue for FY19 and FY20 are Rs.7.30Cr and Rs.8.76Cr respectively. The projected net profit margins for FY19 and FY20 are Rs.6.73% and Rs.11.95% respectively

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1	Cash Credit	Long Term	0.50	BWR B+ (Outlook:Stable)	NIL	NIL	NIL
2	Term Loan	Long Term	3.00		NIL	NIL	NIL
Total			3.50	₹ Three Crores Fifty Lakhs Only			

Key Financial Indicators

Key Parameters	Units	2019	2020
Result Type		Projected	Projected
Operating Revenue	₹ Cr	7.30	8.76
EBITDA	₹ Cr	2.18	2.52
PAT	₹ Cr	0.49	1.05
Tangible Net worth	₹ Cr	2.04	3.09
Total Debt/Tangible Net worth	Times	1.42	0.75
Current Ratio	Times	2.44	3.70

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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