

Rating Rationale

Brickwork Ratings revises the Long Term Rating to 'BWR B' for Bank Loan facilities of ₹ 6.65 Cr to Fine Caterers & Suppliers.

Brickwork Ratings (BWR) has revised the following **Rating¹** for the Bank Loan Facilities of Rs.6.65 Cr to **Fine Caterers & Suppliers** ("FCS" or "the firm"):

Facilities	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Previous Rating (Mar 2015)	Rating
Fund Based			Long Term	BWR B+ (Pronounced BWR Single B Plus) Outlook: Stable	BWR B (Pronounced BWR Single B) Outlook: Stable (Downgraded)
Cash Credit	3.50	3.23			
Term Loan	2.70	2.40			
WCTL	2.75	1.02			
Non Fund Based			Short Term	BWR A4 (Pronounced BWR A Four)	Rating Withdrawn
Bank Guarantee	1.50	-			
Total	10.45	6.65	INR Six Crores and Sixty Five Lakhs Only		

BWR has essentially relied upon the audited financial results of the company up to FY15 and provisionals of FY 16, publicly available information and information/clarifications provided by the firm's management.

The rating has factored, *inter alia*, long standing experience of promoters in the Industry and established business relations with key customers. However, the ratings are constrained by weakening of the financial profile of the firm as reflected by decline in profitability margins and subsequent deterioration in coverage indicators over the last two years, thin profit margins, relatively low scale of operations. The rating is further constrained by working capital intensive nature of operations in a highly competitive industry.

Background:

M/s Fine Caterers & Suppliers has commenced its operations in 1999, located at West venkatapuram, medchal, Hyderabad. The partners of the firm are Mr. Sri Achanta Aravinda Ghosh, Mrs. Lalitha Lakshmi and Mr. Achanta Gautam and all are family members.

Financial Performance:

As per the audited financials for FY 15, net revenue from operations of the firm is Rs. 8.10 Cr and Net profit margin was 2.83 per cent as against the net revenue from operations of Rs. 10.55 Cr and Net profit margin of 2.62 per cent in FY 14. Debt equity of the firm stood at 2.77 times in FY 15. Tangible net worth as on 31st March 2015 stood at Rs. 3.22 Cr.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

As per the Provisionals of FY 16, net revenue from operations are Rs. 4.60 Cr. Net profit margin was 3.92 per cent. Debt equity of the company stood at 3.09 times in FY 16. Tangible net worth as on 31st March 2016 stood at Rs. 2.51 Cr.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, ability of the firm to scale up its operations and improve the profitability margin amidst increasing competition along with efficient management of working capital cycle would be the key rating sensitivities.

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