

Rating Rationale

M/s P K Shefi

28 December 2017

Brickwork Ratings downgrades ratings for the Bank Loan Facilities amounted Rs.5.50 Crs for M/s P K Shefi

Particulars

Facility Rated	Previous Limits (in crs)	Present Limits (in crs)	Tenure	Previous rating (July 2016)	Present Rating *
Fund Based					
Secured OD	3.54	3.50	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook : STABLE	BWR B+ (Pronounced as BWR B Plus) Outlook : STABLE Downgraded
Term Loan	0.75	---			
Non Fund Based Bank Guarantee	1.00	2.00	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) Reaffirmed
Total	5.29	5.50	(Rupees Five Crores and Fifty Lakhs)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17, and Projection up to FY19 of P K Shefi, publicly available information and information/clarification provided by the concern.

The rating draws strength from the experience of the proprietor in the Railway Catering Service Business, established clientele and long track record of operations. However the rating is constrained by declining trend in total operating income, ability to maintain the quality and hygienic food to the customers and working capital intensive nature of business.

Rating Outlook: Stable

BWR believes the M/s P K Shefi 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 K Shefi is a Proprietorship Concern established in the year 1970 based in Chennai. Mr. P K Shefi is the proprietor of the concern. The concern engaged in providing catering services to Indian Railways. The concern currently operating 2 pantry cars, 14 Cell Kitchens and 21 small stalls.

Concern's Financial Performance

Total Operating income of the concern has decreased in the FY17 to Rs. 36.91Cr from Rs. 41.38Cr in FY16. PAT decreases in FY17 to Rs. 1.46Cr from Rs. 1.59Cr in FY16. Net worth of the concern is Rs. 12.10Cr in FY17. Current ratio stands at 1.00times in FY17.

Key Financial Indicators

Particulars	FY15(Actual)	FY16 (Actuals)	FY17 (Actuals)
Net Sales (In Crs)	46.18	41.38	36.91
EBIDTA (In Crs)	3.72	2.95	2.76
PAT (In Crs)	1.92	1.59	1.46
Net worth (In Crs)	10.29	11.23	12.10
Total Debt / TNW (Times)	1.32	0.79	1.17
Current Ratio (Times)	1.82	1.04	1.00

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/Facility	Rating History					
		Type (Long Term/Short Term)	Amount (Rs Crs) (Proposed)	Rating- 2017	2016	2015	2014
1.	Secured OD	Long Term	3.50	BWR B+ Outlook : Stable Downgraded	BWR BB-	BWR BB-	BWR BB-
2	Bank Guarantee	Short Term	2.00	BWR A4 Reaffirmed	BWR A4	NA	NA
TOTAL			5.50	(Rupees Five Crores and Fifty Lakhs only.)			

Hyperlink/Reference to applicable Criteria

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

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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

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