CARE ASSIGNS ‘CARE BB-’ RATING TO THE BANK FACILITIES OF SREE KIRAN ENTERPRISES

Rating

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Amount (Rs. crore)</th>
<th>Rating¹</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Bank Facilities</td>
<td>37</td>
<td>CARE BB- (Double B Minus)</td>
<td>Assigned</td>
</tr>
</tbody>
</table>

Rating Rationale

The rating assigned to the bank facilities of Sree Kiran Enterprises (SKE) is constrained by its fluctuating revenue and cash accruals, project implementation risk with, financial closure yet to be achieved, competition from other players in the industry and constitution of the entity as a proprietorship concern.

The rating, however, derives strength from the established track record of the firm with experienced promoter in the service industry, location advantage, moderately profitability, comfortable capital structure and debt coverage indicators and diversified revenue streams reducing revenue concentration risk.

The ability of the firm to complete its ongoing project within the scheduled time and without cost overrun and improve occupancy level and increase the scale of operations while managing its working capital requirements efficiently are the key rating sensitivities.

Background

SKE was established in the year 2000 as proprietorship concern promoted by Mrs Padmavathi. The firm is engaged in hospitality services with diversified segments of catering services, lodging and banquet hall. Apart from Sree Kiran Enterprises, the firm has other units Sree Soundarya Mahal (SSM), Samskruthi Banquet Hall (SBH), Sampoorna Restaurant (SR), Hotel Crystal Castle (HCC) and Pleasant Stay Inn (PSI).

SSM is a function hall located at one of the prime location at J P Nagar, Bengaluru which is spread over 14,000 sq.ft. with seating capacity of 1000-1200. SSM comprised of G+4 (G+1 is Marriage Hall, 2 &3 Floor comprised of HCC–Lodging and 4th floor comprised of SR- restaurant). SR has daily walk-ins of around 50 and 100-125 during week off. The services range from weddings, engagements, bachelor parties, and other social gatherings to a professional environment for business meetings and luncheons.

PSI and SBH are located at one of the prime locations at Jayanagar, Bengaluru with a seating capacity of 250-300.

During FY14 (refers to the period April 1 to March 31), SKE reported a PAT of Rs.1.12 crore on a total operating income of Rs.4.16 crore as against a PAT of Rs.1.40 crore on a total operating income of Rs.5.26 crore in FY13.
Brief Rationale

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**For detailed Rationale Report and subscription information, please contact us at www.careratings.com

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.
Brief Rationale

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