



Speciality Restaurants Limited

Instrument	Amount	Rating Action
Long-term/ short-term, fund-based/ non-fund based facilities	Rs. 100.0 crore	[ICRA]A+ (stable outlook)/ [ICRA]A1 assigned

ICRA has assigned an [ICRA]A+ (pronounced ICRA A plus) and an [ICRA]A1 (pronounced ICRA A one) rating to the Rs. 100.0 crore, long-term/ short-term fund-based/ non-fund based limits of Speciality Restaurants Limited (SRL)[†]. The outlook on the long-term rating is 'stable'.

The ratings take into account the healthy financial profile of the company, marked by robust capital structure, adequate liquidity and strong debt protection metrics on the back of successful completion of initial public offering (IPO) in May 2012. The ratings are further supported by the strong brand recognition for SRL's restaurant brands which facilitates the company's entry into newer markets. The ratings also factor in the healthy growth in revenues over the last two years aided by addition of new outlets and higher penetration in tier I and tier II cities.

The ratings are however, constrained by the negative same outlet revenue growth on account of slowdown in discretionary spending and declining operating margins of the company on account of inflationary increase in raw material cost which the company has not been able to pass on entirely to the customers in an attempt to maintain footfalls. The ratings are also constrained by SRL's heavy dependence on its flagship brand Mainland China which contributes significantly to the overall revenues and operating profits of the company. However, ICRA draws comfort from the ongoing steps being undertaken by the company towards consolidation of its various brands and introduction of brand refresh of Mainland China as Mainland China-Asia Kitchen, thus reducing dependence on its flagship brand. ICRA also believes that the company will be able to maintain its credit profile in the near term despite increasing competitive intensity in the restaurant business and current subdued corporate demand, which is a key rating sensitivity.

Company Profile

Speciality Restaurants Limited (SRL) has presence in the fine dining industry, with restaurants across India, Bangladesh and Tanzania. Incorporated in 1999, SRL is promoted by Mr. Anjan Chatterjee, who had set up the first restaurant called 'Only Fish' (later renamed to Oh! Calcutta) in Mumbai in 1992. The Company's flagship brand is Mainland China, which offers authentic Chinese cuisine. The company's other restaurant brands include Oh! Calcutta, Sigree, Sigree Global Grill, Hoppipola, Cafe Mezzuna, Machaan, Haka, Flame & Grill, Kix, Shack, Kibbeh and Sweet Bengal. The company is also present in outdoor catering business through Mobifeast – Speciality Outdoors. The company has successfully completed an Initial Public Offering (IPO) in May 2012 and got listed on BSE on May 30, 2012.

As on March 31, 2015, SRL has 115 outlets (including 18 confectionaries) across 23 cities in India, 1 in Bangladesh and 1 in Tanzania, as against 92 Restaurants and 14 confectioneries (including franchises) in India and 1 in Bangladesh as on March 31, 2014.

Recent Results

As for the audited results for FY 2015, SRL reported a profit after tax (PAT) of Rs. 9.5 crores on an operating income of Rs. 299.4 crores as compared to a PAT of Rs. 18.9 crores on an operating income of Rs. 264.5 crores in FY 2014.

April 2015

* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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