

**January 04, 2016**

| Facilities  | Amount (Rs. Crore) | Rating                     |
|-------------|--------------------|----------------------------|
| Term Loan   | 2.20               | SMERA BB/Stable (Assigned) |
| Corp Vyapar | 4.75               | SMERA BB/Stable (Assigned) |

SMERA has assigned a rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.6.95 crore bank facilities of Maharashtra Beer and Wine Centre (MBWC). The outlook is '**Stable**'. The rating derives comfort from the firm's experienced management and established track record of operations. The rating is also supported by the stable business risk profile, moderate financial risk profile and comfortable working capital cycle. However, the rating is constrained by the unfavourable changes in government regulations, intense competition in the liquor industry and low returns from capex.

### Rating Sensitivity Factors

- Sustaining growth in revenues and profitability
- Changes in government regulations
- Efficient working capital management
- Timely receipt of rental income

### Outlook: Stable

SMERA believes that the firm will continue to benefit over the medium term from the promoters' extensive experience in wholesale of liquor. The outlook may be revised to 'Positive' if the financial risk profile, particularly liquidity, improves with infusion of funds by the promoters. Conversely, the outlook may be revised to 'Negative' if the firm's liquidity weakens due to unanticipated stretch in working capital cycle or withdrawal of capital by promoters.

### About the Firm:

MBWC, a partnership firm, established in 1973 is an authorised distributor of USL' (United Spirits Limited) products in Mumbai and also a distributor of Sula wines. The firm is managed by Mr. Kiran Mehta, Mr. Viral Mehta and Mrs. Anajni Mehta. To expand further, the firm purchased an industrial premise for around Rs.3.50 crore. However, with expansion plans put on hold for now, it has let out the premise that is expected to bring in rental income of Rs.0.02 crore per month with effect from November 2015.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.47 crore on operating income of Rs.73.04 crore, as compared to PAT of Rs.0.43 crore on operating income of Rs.69.13 crore in the previous year. The firm's net worth stood at Rs.4.19 crore as on March 31, 2015 as compared with Rs.3.87 crore a year earlier.

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