

July 29, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.30	SMERA BBB-/Stable (Assigned)
Cash Credit (Proposed)	0.20	SMERA BBB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) to the Rs. 5.50crorebankfacilities of Millennium Spirits Private Limited (MSPL).The outlook is '**Stable**'. The rating derives support from the company's established track record of operations, stable business risk profile and experienced management. The rating also benefits from the above-average financial risk profile and comfortable working capital cycle. However, the rating is constrained due to the company's small scale of operations. The rating is also constrained due to the company's presence in highly regulated industry and intense competition from other brands.

MSPL, incorporated in 2006, is aPune-based wholesaler of Indian Made Foreign Liquor (IMFL), beer, and wine in Pune. The company is promotedby Mr. Vijay Kutty and Mrs. Priscilla Kuttywho have around three decades of experience in the liquor industry.

MSPL'sbusiness risk profile is marked by stable operating margin of around 3.00 per cent to 3.80 per centin the last three financial years. The company is the exclusive distributor in Pune for Budweiser beer (Ab-Inbev India Private Limited) and Officer's Choice whisky (Allied Blenders & Distillers Private Limited). Further, it is also a distributor for products of RadicoKhaitan Limited and Beam Global Spirits & Wine (India) Private Limited in Pune.

The company registered a compounded annual growth rate (CAGR) of ~21 percentin the last three financial years. MSPL achieved operating income of Rs.70.47 crore in FY2013-14 (refers to financial year, April 01 to March 31), as compared to operating income of Rs.58.33 crore in FY2012-13. The company's above-average financial risk profile is marked by moderate gearing (debt-equity ratio) of 1.62 times as on March 31, 2014 and comfortable interest coverage ratio of 3.02 times in FY2013-14. However, the company's networth is low at Rs.4.04 crore as on March 31, 2014. MSPL'snet profit margin stood at 1.55per centin FY2013-14.

MSPL'sworking capital cycle is comfortable as reflected from its gross current asset (GCA) days of 40 in FY2013-14. However, the bank lines of MSPL have been highly utilised over the past six months ended May 2015.

MGPL has small-scale operations marked by operating income of Rs.70.47crorein FY2013-14. Besides, the highly regulated Indian liquor industry will be a key rating sensitivity. Also, MSPL faces intense competition from several players in the industry.

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Outlook: Stable

SMERA believes that MSPL will continue to benefit over the medium term from its promoters' extensive experience in the liquor wholesale segment. The outlook may be revised to 'Positive' in case MSPL registers strong growth in revenues and cash accruals while achieving a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of significant decline in MSPL's revenues and cash accruals, or in case of deterioration in the company's financial risk profile and liquidity position.

About the Company

Millennium Spirits Private Limited (MSPL), incorporated in 2006, is a Pune-based wholesaler of Indian Made Foreign Liquor (IMFL), beer, and wine in Pune. The company is the exclusive distributor for Budweiser beer (Ab-Inbev India Private Limited) and Officer's Choice whisky (Allied Blenders & Distillers Private Limited) in Pune. The company is also a distributor for products of Radico Khaitan Limited and Beam Global Spirits & Wine (India) Private Limited in Pune.

For FY2013-14, MSPL reported net profit of Rs.1.10 crore on total income of Rs.70.47 crore, as compared with net profit of Rs.1.12 crore on total income of Rs.58.33 crore in FY2012-13. The company's net worth stood at Rs.4.04 crore as on March 31, 2014, as compared with Rs.2.84 crore a year earlier.

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