



SMERA RATINGS LIMITED

Millennium Spirits Private Limited (MSPL)

*Rating
Rationale*

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. 5.50 crore bank facilities 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 a Pune-based wholesaler of Indian Made Foreign Liquor (IMFL), beer, and wine in Pune. The company is promoted by Mr. Vijay Kutty and Mrs. Priscilla Kutty who have around three decades of experience in the liquor industry.

MSPL's business risk profile is marked by stable operating margin of around 3.00 per cent to 3.80 per cent in 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 Radico Khaitan Limited and Beam Global Spirits & Wine (India) Private Limited in Pune.

The company registered a compounded annual growth rate (CAGR) of ~21 per cent in 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 net worth is low at Rs.4.04 crore as on March 31, 2014. MSPL's net profit margin stood at 1.55 per cent in FY2013-14.

MSPL's working 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.

MSPL has small-scale operations marked by operating income of Rs.70.47 crore in 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.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Millennium Spirits Private Limited (MSPL)

*Rating
Rationale*

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.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: antony.jose@smera.in	Mohit Jain Vice President – Rating Operations Tel: +91-22-6714 1105 Email: mohit.jain@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.