

August 04, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	1.70	SMERA BB+/Stable (Assigned)
Cash Credit	15.75	SMERA BB+/Stable (Assigned)
Cash Credit (Proposed)	6.75	SMERA BB+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.24.20 crore bank facilities of Sambaragi Traders (ST). The outlook is '**Stable**'. The rating derives comfort from the firm's long track record of operations, strong market position, experienced management and established relationship with its customers. The rating is also supported by the firm's healthy revenue growth and better business prospects going forward. However, the rating is constrained by the firm's average financial risk profile marked by low net worth. The rating is also constrained by the firm's high exposure to change in government regulations and intense competition prevalent in the liquor industry.

Rating Sensitivity

- Infusion of capital by the promoters
- Change in government regulations
- Sustained growth in revenues and profitability
- Working capital management

Outlook: Stable

SMERA believes that the firm will continue to benefit over the medium term from the experienced management and established relationship with its customers. The outlook may be revised to 'Positive' if the firm's financial risk profile, particularly its net worth increases with infusion of capital by the promoters. Conversely, the outlook may be revised to 'Negative' if the liquidity weakens with any unanticipated stretch in its working capital cycle or sizeable capital withdrawals by the promoters.

About the Firm:

ST, set up by Mr. S.V. Pattanshetti began operations in 1973. While Mr. R.M. Sambaragi joined the firm around 1992, Mr. B.S. Pattanshetti, Mr. Manish R. Sambaragi and Mrs. Bharati Pattanshetti, partners, joined the firm in 2010. The firm trades in Indian Made Foreign Liquor for United Spirits Ltd and Daigeo India Private Limited, and is the dealer for Kolhapur, Sangli, Ratnagiri and Sindhudurg regions.

ST has its own warehouse facility at Shirodi in Kolhapur with a total area of 7000 sq. ft. The firm sells more than 36 brands of liquor including McDowell's No. 1, McDowell's Celebration Rum,

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McDowell's Signature Whisky, Black Dog Scotch Whisky among others and has been among the top dealers of the above regions in Maharashtra for the last 50 years.

For FY2014-15, the firm reported PAT of Rs.1.50 crore on operating income of Rs.150.56 crore, as compared to PAT of Rs.1.22 crore on operating income of Rs. 115.08 crore in the previous year. The firm's net worth stood at Rs.6.68 crore as on March 31, 2015 as compared with Rs.5.12 crore a year earlier.

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