

January 04, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loan (Proposed)	12.00	SMERA BB/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB**' (read as **SMERA double B**) to the proposed Rs. 12.00 crore bank facility of Fullarton Distilleries Private Limited (FDPL). The outlook is '**Stable**'. The rating derives comfort from the experienced management, healthy financial risk profile and liquidity position. The rating also draws support from FDPL's established relations with its trade partner, NK Limited. However, the rating is constrained by the limited operational track record, small scale of operations, debt funded capex plan and regulatory risk inherent in the alcohol industry.

Rating Sensitivity Factors

- Timely repayment of debt
- Successful execution of capex
- Achieving envisaged sales and profitability

Outlook: Stable

SMERA believes that FDPL will benefit from its promoters experience in the Indian Made Foreign Liquor (IMFL) industry and association with N K Limited. The outlook may be revised to 'Positive' in case the company reports substantial increase in sales and net cash accruals after incurring debt funded capex. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected revenues or profitability, or deterioration in the financial risk profile and liquidity position.

About the Company

FDPL, incorporated in January 2013 was promoted by Mr. Rajiv Thadani and Mr. Haresh Navalraj Jhuremalani. The company is engaged in the business of brewing and blending IMFL and exports its production to Eastern and Western African countries via its trade partner, N K Limited. The current capacity of FDPL is 739200 cases per annum.

For FY2014-15, FDPL reported profit after tax (PAT) of Rs.1.51 crore on total income of Rs.30.15 crore as against PAT of Rs.1.43 crore on total income of Rs.21.62 crore for FY2013-14.

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.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Mr. Anthony Jose, Vice President – Business Development, Mid Corporate Tel : +91-22-6714 1191 Cell : +91 9820802479 Email : anthony.jose@smera.in Web: www.smera.in	Mr. Vinay Chhawchharia Associate Vice President - Corporate Ratings, Tel: +91-22-6714 1156 Email: vinay.chhawchharia@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.