

January 04, 2016

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

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.

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