

February 09, 2016

Facility	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B** (read as SMERA B)' to the Rs.5.00 crore long term bank facility of Mazda & Company (MC). The outlook is '**Stable**'.

The rating is constrained by the limited operational track record, low margins and below average financial risk profile. The rating is also constrained by the high gearing, moderate coverage indicators and stringent regulations in the industry. However, the rating is supported by the firm's improving revenue trend and extensive experience of the promoters in the liquor trading industry.

Rating Sensitivity Factors

- Sustainability of the current revenue trend and improvement in profit margins
- Improvement in gearing and coverage indicators

Outlook – Stable

SMERA believes that MC will maintain a stable business profile owing to its experienced management and increasing revenues. The outlook may be revised to 'Positive' in case the company reports better than envisaged sales while improving profitability and gearing. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected revenues, profitability or deterioration in the financial risk profile.

About the Company

MC, established in 1995, was taken over by Ms. Tamali Basu and Mr. Shankhadeep Dhar in 2010. The firm is engaged in the distribution of liquor (beer and wine) in Maharashtra.

For FY2014-15 (refers to financial year April 01 to March 31), MC reported profit after tax (PAT) of Rs.0.25 crore on operating income of Rs.34.76 crore, as compared with profit after tax (PAT) of Rs.0.15 crore on operating income of Rs.28.40 crore in FY2013-14.

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