



Rating Rationale

Doda Wines

19 Oct 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 15 Crs of Doda Wines.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund based	5.00	15.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook:Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable [Reaffirmation]
Total	5.00	15.00	INR Fifteen Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials upto FY18, publicly available information and information/clarifications provided by the Firm.

The rating has, inter alia, factored in the experienced proprietor and considerable increase in scale of operations over the previous years. The rating is, however, constrained by low profitability margins & leveraged structure.

Going forward improving profitability margins, capital infusion and ensure timely servicing of debt would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:



- **Experienced Promoters:** - Proprietor of the firm Mr. Shiv Lal Doda is having more than 2 decades of experience in the same line of business.
- **Increase in scale of operations:-** The firm has reported considerable increase in operating income from Rs. 106.50 Crs in Fy17 to Rs. 247.35 Crs in FY18

Credit Risks:

- **Low profitability margins:-** Profitability margins of the firm has continued to be a cause of concern. Net margin and operating margin further suppressed to 0.48% and 1.39% in Fy18 against 0.65% and 2.69% in FY17.
- **Leveraged capital structure:-** The firm has highly leveraged structure with with TOL/TNW at 7.62 times as on 31st March 2018 against 6.44 times as on 31st March 2017.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Doda Wines** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

M/s Doda Wines is a proprietorship firm established in year 2013 at Abohar by Mr. Shiv Lal Doda and is engaged in the distribution of liquor viz. Indian Made Foreign Liquor (IMFL), beer and country liquor. The firm is licensed for wholesale and retail operations of liquor in the state of Haryana.

The firm directly purchases liquor from manufacturers. Some of the major brands that the firm deals in are Kingfisher, McDowell, Bagpiper, Royal Challenge, Signature, Blenders Pride, Chivas, 8PM, Aristocrat, Old Monk, Carlsberg and Tuborg etc.

The firm has five group firms/companies viz Gagan Distillers & Beverages Pvt Ltd, D. Vansh Enterprises, M/s Raj Kumar, Mf/s Joginder Pal Doda and Gagan Vasu Cinelinks Pvt Ltd which are also in the same line of operations.

Company Financial Performance

DW's reported operating income of Rs. 247.35 Crs. with a net profit of Rs. 1.19 Crs. in FY18 against an operating income of Rs. 106.50 Crs. with a net profit of Rs. 0.69 Crs in FY17.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History			
		Type	Amount (₹ Crs)	Rating	2018 April	2017 Jan	2016 Sep	2015 Nov
1.	Cash Credit	Long Term	15.00	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable [Reaffirmation]	Rating Not reviewed	BWR BB-Stable	BWR BB-Stable	BWR BB-Stable
	Total		15.00	₹ Fifteen Crores Only				

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Operating Revenue	Rs.in Crs.	106.50	247.35
EBITDA	Rs. in Crs.	2.86	3.44
PAT	Rs. in Crs	0.69	1.19
Proprietor's Capital	Rs. in Crs.	11.83	11.93
Total Debt/Proprietor's Capital	Times	2.82	3.15
Current Ratio	Times	1.42	1.30

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)



For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.