Rating Rationale

Rehan Wine

02 August, 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs.11 Cr of Rehan Wine (RW or the entity)

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
Fund Based	**Previous**	**Present**		**Previous**	**Present**
Cash Credit	**11.00**	**11.00**	**Long Term**	**BWR B Outlook: Stable**	**BWR B Outlook: Stable**
Total	**11.00**	**Rs.11.00 (Rupees Eleven Crores Only)**			

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

Note: ***The rating validity gets restricted to 31.3.2018 in case the authorised license is not renewed for whatsoever reasons***

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The assigned rating factors in the experience of the promoter in the liquor distribution business, diversified customer profile and good distribution network. The ratings are however constrained by limited track record of operations, government control, high competitive market, leveraged capital structure, inherent risk being proprietorship firm and working capital intensive nature of operations.

Going forward, the ability of the Entity to improve its profitability margins, improve its capital structure, renew its licenses for its business every year and efficiently manage its working capital requirements are the key rating sensitivities.

Rating Outlook: Stable

BWR believes the Rehan Wine 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 Entity

Rehan Wine (RW) was formed on 23rd March 2015 located at in Abohar, Punjab. Rehan Wine is a sole proprietorship concern promoted by Mr. Sumit Doda who has been in the liquor trading business for the last five years, as a Wholesale Distributor of Beer and IMFL (Indian made foreign liquor), Country liquor (CL) ,Wine products . Rehan Wine holds valid licenses till 31/03/2018 for wholesale and retail trading of alcohol in Ferozepur Dist.

Rehan Wine Financial Performance

As per its audited financial of FY16, has reported EBITDA of Rs.1.61 crore and PAT of Rs.1.53 crore on total operating income of Rs.128.75 crore. As on 31/03/2016 firm's Tangible networth is Rs.4.04 crore coupled with Debt/Equity ratio of 1.83 times, Net Profit Margin, Operating Profit Margin, and Current Ratio is recorded as 1.19%, 1.25%, 1.50 times respectively.

As per CA Certified Provisional Financials of FY17 RW has reported EBITDA of Rs.2.45 crore and PAT of Rs.1.31 crore on total operating income of Rs.130.26 crore.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	03-06-2016	Date in 2015	Date in 2014
1.	Cash Credit	Long Term	11.00	BWR B	BWR B	NIL	NIL

Status of non-cooperation with previous CRA (if applicable)-Reason and comments: NA

Any other information: NA

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Trading Entities**

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 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.

Rehan Wine -Key Financial Ratios
Annexure

	31-Mar-2016 Audited	31-Mar-2017 Provisional
Net Sales/Revenues (crore)	128.75	130.26
EBIDTA (crore)	1.61	2.45
PAT (crore)	1.53	1.31
Tangible Networth (crore)	4.04	3.80
Total Debt : TNW (times)	1.83	7.27
Current Ratio (times)	1.50	1.25