

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 5.27 Crores of Unique Liquors.**

**Particulars**

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based</b>			
Cash Credit	2.00	<b>Long Term</b>	<b>BWR B-</b> <b>(Pronounced as BWR Single B Minus)</b> <b>Outlook: Stable</b>
Term Loan 1	2.37		
Term Loan 2	0.90		
<b>Total</b>	<b>5.27</b>		<b>INR Five Crores Twenty Seven Lakhs Only</b>

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

**Rating Assigned:**

BWR has assigned Long Term Rating of BWR B- (Outlook: Stable), for the bank loan facilities for Unique Liquors (The company)

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon the audited financial statements of the company upto Feb 2019 (7 Months Provisional by Management), publicly available information and information/clarifications provided by the management.

The rating draws strength from the experienced management along with long track record of operations and low gearing ratio. The rating however is constrained by regulatory environment for this line of business, low tangible net worth, low net profit margins and working capital intensive nature of operations. The key rating sensitivities for the rating includes Scale of operations, profitability and to maintain good working capital management.

### Description of Key Rating Drivers

#### Credit Strengths:

- ❑ **Experience of the proprietor and the management:** The rating reflects the extensive experience of Mr. Shubham Joneja in the liquor manufacturing industry, along with timely funding support extended by him to cover the working capital requirements.

#### Credit Risks:

- ❑ **Regulatory Business : The manufacturing of IMFL remain under stringent regulation of Central/State Govt Regulator** which put the business under great risk..
- ❑ **Competitive nature of the industry:** The company faces competition from an increasing number of unorganized players catering to the same target segment. As a result, its pricing flexibility and buying power with customers is limited and also dominated by large players nationwide.

### 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).

**Liquidity Profile:** The company has Cash & Bank balances of Rs. 0.04 Crs in Feb 2019. The company has not provided the Cash Flow Statement. Long term borrowings includes Term Loan amounting to Rs 7.02 Cr in Feb 2019 (Provisional) includes unsecured loans from related parties and director and term loan from Union Bank Of India. The Cash Credit utilization of the last 6 months was around ~44%. The current ratio is at 0.68 in Feb 2019 (Provisional). ISCR and DSCR is at 0.86x in Feb 2019 (Provisional). NP/OPM was maintained at -57.74% and 27.48%. Conversion Cycle is at 373 days in Feb 2019 (Provisional), due to poor inventory management and delayed receivables.

**Group Company/Subsidiary:** The company is having 3 associate companies named as Key Mouse IT Pvt Ltd, Junesons Hospitality and MoBE (Ministry of Bar Exchange) who are dealing in different line of business.

#### Rating Outlook: *Stable/Positive/Negative*

BWR believes the **Unique Liquors** 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 Company

The company was incorporated on July 19, 2018 based at Punjab and is involved in Manufacturing and Processing of IMFL (Indian Made Foreign Liquor) whisky, which is prepared by using three main ingredients i.e., Barley, Water and Yeast. The manufacturing steps include Malting, Grinding, Brewing, Fermentation, Distillation, Ageing and Bottling. In the main distillery all the steps except bottling is generally taken.

The company has set up a bottling plant on July 27, 2018, where the Malt and other ingredients (like ENA, Scotch, Color, essence and malt) will be procured from the market and by adding colour and essence, a Whisky, a non-scotch is prepared. The company has tied up with wholesale traders to sell their products and they shall also sell IMFL in their own brand.

### Company Financial Performance

The company presented a total operating income of Rs. 1.74 Crs. in Feb 2019 (Provisional 7 Months) with PAT of Rs. -1.01 Crs. The company has projected total operating income of Rs. 36.88 Crs. in FY 20 with PAT of Rs. 1.41 Crs.

### Key Financial Indicators

Key Parameters	Units	Feb 2019 (Provisional 7 Months)	2020 (Projections)
<b>Result Type</b>			
Operating Revenue	₹ Cr	1.74	36.88
EBITDA	₹ Cr	0.48	2.35
PAT	₹ Cr	-1.01	0.53
Tangible Net worth	₹ Cr	3.35	7.68
Total Debt/Tangible Net worth	Times	2.44	0.69
Current Ratio	Times	0.68	1.41

### Rating History for the last three years

Instrument /Facility	Current Rating			Rating History		
	Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
<b>Fund Based</b> Cash Credit Term Loan 1 Term Loan 2	Long term	2.00 2.37 0.90	<b>BWR B-</b> <b>(Pronounced as BWR Single B Minus)</b> <b>Outlook: Stable</b>	N/A		
<b>Total</b>		<b>5.27</b>	<b>₹ Five Crores Twenty Seven Lakhs Only</b>			

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

Any other information

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [https://www.brickworkratings.com/download/Criteria\\_ManufacturingCompanies.pdf](https://www.brickworkratings.com/download/Criteria_ManufacturingCompanies.pdf)

For any other criteria obtain hyperlinks from website

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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.

#### **DISCLAIMER**

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