

June 22, 2010

**CARE ASSIGNS 'CARE BBB -' TO BANK FACILITIES OF
M/S K. B. WINES**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	8.50	'CARE BBB-' (Triple B Minus)	Initial rating
Total Facilities	8.50		

The rating assigned by CARE is based on the capital deployed by the partner and the financial strength of the firm at present. The rating may undergo a change in case of withdrawal of capital or of the unsecured loans brought in by the partner in addition to changes in the financial performance and other relevant factors.

Rating Rationale

The rating derives strength from promoters' experience in Indian Made Foreign Liquor (IMFL) business, consistent growth in business operations, wholesale dealership of reputed brands and stable profitability margins. The rating is, however, constrained by the nature of constitution being a partnership firm, small size of operations, stringent Government regulations, high dependence on a single supplier, and high overall gearing ratio.

The ability of M/s K.B. Wines to achieve projected sales growth and improvement in profitability margins are the key rating sensitivities.

Company Profile

M/s K.B. Wines was formed as a partnership firm in the year 1997-98 by Mr. Kishore Bhatkhande, who has around 15 years of experience in the same industry. The firm is a wholesale distributor for well-known IMFL companies- Seagram Distillers Private Ltd (SDPL) and SAB Miller in Pune city.

During FY09, the net sales of **M/s K.B. Wines** was Rs. 50.41 crore with PBILD and PAT of Rs.2.55 crore and Rs.1.02 crore respectively. The overall gearing ratio stood at 2.42x as on March 31 2009.

For the nine months period ended December 31, 2009, the firm has achieved sales of Rs.51.19 crore as against purchases of Rs.45.20 crore, thereby registering a gross profit of Rs.5.99 crore.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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