



## Press Release

### Ramson and Bros

**December 23, 2024**

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities- Cash Credit	32.00 (Enhanced from Rs 27.00 crore)	IVR BBB-/ Stable (IVR Triple B minus with stable outlook)	IVR BBB-/ Stable (IVR Triple B minus with stable outlook)	Reaffirmed	<a href="#">Simple</a>
<b>Total</b>	<b>32.00</b> <b>(Rupees Thirty-two crore only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the Bank facilities of Ramson and Bros (RB). The ratings continue to derive comfort from experienced promoters in the liquor trading industry, long track record of operations, moderate financial risk profile, diverse customerbase and, longstanding relationship with UB group. However, these rating strengths remain constrained by modest profitability with lower profit margins, Intense competition from distributors of other liquor manufacturing principals, presence in the highly regulated liquor industry and, geographical concentration risk.

The stable outlook has been assigned due to steady improvement in business operations.



## Press Release

### Key Rating Sensitivities:

#### Upward Factors

- Substantial growth in scale with improvement in profitability margins.
- Significant improvement in debt protection parameters and liquidity position of the firm.

#### Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis
- Any deterioration in its liquidity profile with elongation in operating cycle

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Experienced promoters in the liquor trading industry, long track record of operations**

The promoters of Ramson and Bros (RB) have over four decades of experience in the beer and liquor distribution industry. Initially they were engaged in the distribution of beer of United Breweries Limited and IMFL brands of United Spirits Limited through Tulsi Trading Corporation (TTC). Currently Mr. Bunt Fatnani is actively associated in the business. However, constitution of the entity as partnership firm limits the credit profile to some extent.

##### **Moderate financial risk profile**

The firm's overall financial risk profile remains moderate. Its debt primarily consists of working capital limits. The overall gearing ratio was healthy 0.81x as of 31st March 2024. The interest coverage ratio was strong at 17.31x as of 31st March 2023, but decreased to 6.56x as of 31st March 2024, mainly due to higher interest expenses in FY24. (April 1, 2023, to 31<sup>st</sup> March 2024), The TOL/TNW ratio deteriorated from 0.80x as of 31st March 2023 to 1.40x as of 31st March 2024, as a result of increase in working capital debt. The DSCR remained adequate at 5.53x as of 31st March 2024.



## Press Release

### **Diverse customerbase**

The firm operates in the beer and IMFL trading business, serving various small wine and beer shops, as well as clubs in the Raigad district, where it holds a monopolistic position. The top five customers contributed approximately 16.46% to the total operating income in 2024, highlighting a highly diversified customer base.

### **Longstanding relationship with UB group**

The firm has a strong partnership with United Breweries Limited and United Spirits Limited, serving as the primary distributor for their products in the Raigad district. Together, these suppliers hold a dominant market share of 65-70% in the liquor industry.

### **Key Rating Weaknesses**

#### **Modest Profitability with lower profit margins**

The firm's profitability ratios remain low. The EBITDA margin has remained relatively modest at around ~2.00% over the past few years, reaching 2.07% in FY24. The PAT margin has averaged 1.68% over the last three years and stood at 1.39% in FY24. GCA decreased from Rs 5.15 crore to Rs 4.51 crore on account of decrease in depreciation. Furthermore, cash flow from operations continued to remain negative in FY24.

#### **Intense competition from distributors of other liquor manufacturing principals**

The firm faces intense competition from distributors of other liquor manufacturing principals and there is the risk of losing market share to competitors offering brands that rival those of the UB group. However, the strong market position of UB group brands offers some reassurance.



## Press Release

### **Presence in the highly regulated liquor industry**

Liquor is a state subject and hence, each state formulates its own policies and there are no uniform nation-wide laws governing the sector. It remains exposed to changes in the legal and regulatory environment such as close monitoring of sales, revision of tax rates, ban on liquor sales, etc.

### **Geographical concentration risk**

The firm faces geographical concentration risk as it generates its entire revenue from Raigad district. Hence, it is exposed to the risk of any reduction in revenues due to change in consumption habits, launch of competition offerings by other liquor manufacturers or loss of distributorship.

### **Analytical Approach:** Standalone

### **Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The firm does not have any long-term debt and the projected DSCR also appears to be comfortable. The expected cash accruals in the range of Rs. 4.00 crore to Rs. 5.00 crore in the period of FY24 -26. The promoters are resourceful and can infuse capital if required. The average bank limits utilisation of the firm for the past 12 months ended October 2024 has been 45.55%. Further, current ratio stood comfortable at 1.69x as on March 31, 2024.



## Press Release

### About the Firm

Ramsons and Bros (RB), established in 2014 and operational since FY16, is a partnership firm. The active partners are Ms. Maya Fatnani, Mr. Anshu Fatnani, and Mr. Bunty Fatnani. The firm is engaged in the distribution of beer of United Breweries Limited (UBL) and IMFL brands of United Spirits Limited (USL) in Raigad district.

### Financials (Standalone):

(Rs. crore)		
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	240.98	315.85
EBITDA	6.41	6.54
PAT	3.99	4.41
Total Debt	8.39	17.75
Tangible Net Worth	21.67	22.03
EBITDA Margin (%)	2.66	2.07
PAT Margin (%)	1.66	1.39
Overall Gearing Ratio (x)	0.39	0.81
Interest Coverage (x)	17.31	6.56

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** None

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2023-24
					Date (November 24, 2023)	Date (October 4 <sup>th</sup> , 2022)	Date (July 05, 2021)
					Rating	Rating	Rating
1.	Cash Credit	Long Term	32.00 (Increased from 27.00)	IVR BBB- / Stable Outlook	IVR BBB- / Stable Outlook	IVR BBB- / Stable Outlook	IVR BBB-; Credit Watch with Developing Implications



## Press Release

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2023-24
					<b>Date</b> (November 24, 2023)	<b>Date</b> (October 4 <sup>th</sup> , 2022)	<b>Date</b> (July 05, 2021)
				(IVR Triple B minus with stable outlook)	(IVR Triple B minus with stable outlook)	(IVR Triple B minus with stable outlook)	(IVR Triple B minus Credit Watch with Developing Implications)

### Analytical Contacts:

Name: Jyotsna Gadgil

Tel: (020) 29913006

Email: [jyotsna.gadgil@infomerics.com](mailto:jyotsna.gadgil@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).





## Press Release

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	32.00	IVR BBB-/Stable  (IVR Triple B minus with stable outlook)

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-ramson-dec24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/Combined analysis:** Not applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).