

FEBRUARY 02, 2015

CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF GLOBUS SPIRITS LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	266.00 (enhanced from 210.79)	CARE A (Single A)	Reaffirmed
Long/ Short-term Bank Facilities	10.00	CARE A / CARE A1 (Single A/ A One)	Reaffirmed
Total facilities	276.00		

Rating Rationale

The ratings continue to draw strength from experienced promoter and management team of the company, its significant presence in the Country Liquor (CL) segment, experience in bottling for large Indian Made Foreign Liquor (IMFL) players, captive power plant (CPP) and comfortable gearing ratios. The ratings, however, remain constrained by volatility in input prices with limited pricing power, deterioration in profitability & cash accruals during FY14, project implementation risk and highly regulated nature of Alcohol industry.

Ability of the company to increase its market share in the existing IMIL location, improve profitability and timely completion of the project would remain the key rating sensitivities.

Background

Globus Spirits Limited (GSL), promoted by Shri Ajay Kumar Swarup of Delhi, is engaged in the business of manufacturing, marketing and sale of branded IMFL, IMIL and Bulk Alcohol comprising of Rectified Spirit and ENA and also involved in franchisee bottling to cater to renowned brand owners. GSL currently operates three modern and fully integrated grain based distilleries at Behror, Rajasthan & Samalkha and Hisar, Haryana, having a combined capacity of 126.4 million bulk litres (bl) per annum. The company derives majority of its revenue from IMIL segment (~ 50 of its revenue) with major brands being 'Nimboo' for IMIL segment, County Club Whisky for IMFL segment.

GSL earned PBILDT and PAT (after defd. tax) of Rs.44.2 crore & Rs.4.3 crore on a total operating income of Rs.496.5 crore in FY14.

As per the working results for the six months ended September 30 2014, GSL earned a PBILDT of Rs.23.8 crore on total operating income of Rs.277.5 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

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

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