

MARCH 04, 2016

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

### Ratings

| Facilities                       | Amount<br>(Rs. crore)                                                                  | Ratings <sup>1</sup>                         | Remarks           |
|----------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------|-------------------|
| Long-term Bank Facilities        | 300.91<br>(enhanced from 266.00)                                                       | <b>CARE A (Single A)</b>                     | <b>Reaffirmed</b> |
| Long/ Short-term Bank Facilities | 10.00                                                                                  | <b>CARE A /CARE A1<br/>(Single A/ A One)</b> | <b>Reaffirmed</b> |
| <b>Total Facilities</b>          | <b>310.91</b><br><b>(Rs. Three Hundred and Ten crore and<br/>Ninety One lacs only)</b> |                                              |                   |

### 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 and experience in bottling for large Indian Made Foreign Liquor (IMFL) players, coupled with satisfactory gearing ratios. The ratings, however, remain constrained by volatility in the input prices with limited pricing power, 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 on-going projects & achieve the expected cash flow (including Bihar) 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 brand being 'Nimboo' for IMIL segment, County Club Whisky for IMFL segment.

During FY15, GSL had earned PBILDT and PAT (after defd. tax) of Rs.48.6 crore (Rs.44.2 crore in FY14) & Rs.7.1 crore (Rs.4.3 crore in FY14) on a total operating income of Rs.585.7 crore (Rs.496.5 crore in FY14).

As per the working results for the nine months ended December 31 2015, GSL earned a PBILDT of Rs.47.9 crore on total operating income of Rs.516.2 crore.

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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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.

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