

September 15, 2010

**CARE UPGRADES BANK FACILITIES' RATINGS OF
GLOBUS SPIRITS LTD.**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Short-term Bank Facilities	2.50	'PR2+' (PR Two plus)	Assigned
Long-term Bank Facilities	32.29 (enhanced from 19.10)	'CARE A-' (Single A Minus)	Revised from 'CARE BBB+' (Triple B plus)
Long-term/Short-term Bank Facilities	2.00	'CARE A-/' 'PR2+' (Single A Minus /PR Two plus)	Revised from 'CARE BBB+' (Triple B plus) 'PR2' (PR Two)
Total	36.79		

Rating Rationale

The revision in ratings is on account of improved financial performance in FY10 with substantial improvement in liquidity & gearing ratios due to infusion of equity through IPO and completion of a major portion of the ongoing project. The ratings continue to draw strength from experienced & qualified 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), technological flexibility of the plants capable of using both grains & molasses as raw material, comfortable profitability & financial position and stable outlook for the industry. The ratings, however, remain constrained by its recent foray in selling IMFL under own brands in the market already dominated by large players of the industry, volatility in raw material prices and sensitivity of the business to Government regulations for imposition of additional duties and/or restriction on usage of alcohol. Maintaining reasonable rate of growth and commercial success of its own brands in IMFL segment are the key rating sensitivities.

Company Profile

GSL, promoted by Shri Ajay Kumar Swarup of Delhi, is engaged in the business of manufacturing, marketing and selling of various industrial and potable alcohol products namely - Extra Neutral Alcohol (ENA), Rectified Spirit (RS), CL and IMFL.

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

In FY10, the company earned PBILDT of Rs.39.0 crore and PAT (after defd. tax) of Rs.17.3 crore on net sales of Rs.264.6 crore. Gearing ratios as on Mar.31, 2010 witnessed significant improvement due to equity infusion of Rs.75.0 crore through IPO route. The financial performance for the quarter ended June 30, 2010 remained comfortable.

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CARE has 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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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