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CARE ASSIGNS 'CARE BB+' AND 'PR4' RATINGS TO THE LOANS FROM FINANCIAL INSTITUTIONS AND REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF JOHN DISTILLERIES LTD.

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Loan from Financial Institution	17.2	'CARE BB+' (Double B Plus)	Assigned
Short-term Loan from Financial Institution	10.0	'PR4' (PR Four)	Assigned
Long-term Bank Facilities	90.8	'CARE BB+' (Double B Plus)	Reaffirmed
Short-term Bank Facilities	5.0	'PR4' (PR Four)	Reaffirmed
Total Facilities	123.0		

Rating Rationale

The ratings take into account the relatively weak capital structure characterized by high level of short-term debt and tight liquidity position of JDL as reflected in the poor liquidity ratios and high utilization of working capital limits. The ratings also take into account the absence of a bottling plant in JDL's operations and the regulatory environment surrounding the sector. However, the ratings draw comfort from the market leadership and presence of a strong brand in the economy segment of the whisky market in Karnataka and Andhra Pradesh. Going forward, successful and timely infusion of planned equity, ability of the company to enter new markets and integration of Chitali Distillery Limited would be the key rating sensitivities.

Company Profile

JDL is a closely-held company promoted by Mr. Paul.P.John, an NRI from Kerala. JDL was incorporated in 1992 and is into manufacturing of Indian Made Foreign Liquor (IMFL) in its owned units at Bangalore, Goa, and Raipur (with aggregate installed capacity of 10.5 million cases/annum as on June 30, 2010) under its flagship "Original Choice" brand. Apart from this, JDL also has four leased units and has tie-ups with seven plants spread across India. JDL commissioned its malt project at Goa in the month of August 2009 with an installed capacity of 9 lakh litres per annum of malt spirit.

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

During FY10, JDL reported a net profit of Rs.0.9 crore on a total operating income of Rs.448.9 crore as against a net loss of Rs.10.6 crore on total operating income of Rs.346.5 crore during FY09.

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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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