
June 23, 2010

**CARE ASSIGNS 'CARE IPO GRADE 2' TO
RAVIKUMAR DISTILLERIES LTD.**

CARE has assigned a '**CARE IPO Grade 2**' to the proposed Initial Public Offer (IPO) of Ravikumar Distilleries Ltd. (RKDL). 'CARE IPO Grade 2' indicates below average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the relative assessment of the fundamentals of that issuer. RKDL proposes an IPO of 1.15 crore equity shares of face value of Rs.10/- each, at a price which will be determined through the book-building process.

Grading Rationale

The grading is constrained by the small size of operations, high overall gearing ratio and low entry barriers in the local market. Further, the grading is constrained by competition from established regional and Pan-India players, highly regulated nature of the alcohol industry characterised by high taxation and inter-state restriction on movement of products and dependence on IPO proceeds for the proposed expansion. However, the grading factors derives strength from the promoters' experience and long track record in the liquor business, established presence in Puducherry market, tie up arrangements with reputed clients and improved profitability during the last two years.

Company Profile

RKDL is engaged in the manufacturing and marketing of Indian Made Foreign Liquor (IMFL) with presence in all segments viz. rum, brandy, whisky, gin and vodka. The manufacturing facility of RKDL is located at Puducherry and has an installed capacity of 14,25,000 cases per annum and bonded ware house capacity of 26,000 cases. RKDL undertakes manufacturing and marketing of its own brands as well as for the other brands under the tie-up arrangements with established players such as Radico Khaitan and John Distilleries.

The proceeds from the proposed issue of shares are intended to be deployed for increasing the existing capacity and installation of re-distillation plant, financing the marketing and branding expenses, financing incremental working capital needs and to meet the general corporate and issue-related expenses.

On a total income of Rs.32.17 crore, RKDL earned a PBILD and PAT of Rs.5.23 crore and Rs.1.77 crore respectively in FY09. RKDL's tangible net worth as on March 31, 2009 was Rs.13.70 crore.

As per provisional results of FY10, RKDL's net sales increased by 3.19% vis-à-vis FY09 with PBILD and PAT margins of 18.38% and 5.71% respectively.

Analyst Contact

Name: Ms. Padmaja Parange

Tel # 6754 3433

Mobile # 99875 75584

Email: padmaja.parange@careratings.com

CARE 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 IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not 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. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat NagarHyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>