

June 6, 2018

**Empee Distilleries Limited: CARE revises rating for Non -Convertible Debentures issue from "CARE C; Negative ISSUER NOT COOPERATING to CARE D ISSUER NOT COOPERATING".**

Credit Analysis & Research Limited (CARE) has revised its rating on the Non –Convertible Debentures from "CARE C; Negative ISSUER NOT COOPERATING to **CARE D ISSUER NOT COOPERATING**".

Please find attached is the press release from CARE for perusal and record.

This is for your information and records.

IDBI Trusteeship Services Limited

Sd/-

Authorised Signatory

**Empee Distilleries Limited**  
 June 05, 2018

**Ratings**

Facilities	Amount (Rs. crore)	Rating <sup>15</sup>	Rating Action
Non-Convertible Debenture issue	47.50 (Rs. Forty Seven crore and Fifty Lakh only)	<b>CARE D; ISSUER NOT COOPERATING*</b> (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE C; Negative ISSUER NOT COOPERATING* (Single C; Outlook : Negative; ISSUER NOT COOPERATING) on the basis of best available information

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The revision in rating assigned to the NCD issue of Empee Distilleries Limited (EDL) is on account of delays in servicing of debt obligation.

This is further to CARE's press release dated April 05, 2018 on Empee Distilleries Limited (EDL) wherein the rating on the company's bank facilities and debt instrument were denoted as "Issuer not cooperating", CARE had been seeking information from the company to monitor the ratings vide various e-mail communications and telephone calls. However, despite repeated attempts by CARE, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

*Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.*

**Detailed description of the key rating drivers*****Instance of delay in debt servicing***

The moderation in the performance of EDL coupled with significant exposure to group entities and their constrained liquidity position, leading to instances of delays in debt servicing by EDL. During FY18, the company incurred net loss of Rs.77 Crore (PY:Rs.52 Crore) and cash loss of Rs.38 Crore (PY: Rs.13 Crore) on TOI of Rs.513 Crore.

**Analytical approach:** Standalone

**Applicable Criteria**

**Policy in respect of Non-cooperation by Issuer**

**CARE's Policy on Default Recognition**

**Financial ratios – Non-Financial Sector**

**About the Company**

Promoted in 1983 by Mr M P Purushothaman, EDL is the flagship company of the Empee group mainly engaged in the manufacturing of Indian Made Foreign Liquor (IMFL) in the states of Tamil Nadu (TN), Kerala and Karnataka. EDL has a licensed capacity of 7.2 million cases per annum, spread among these three states. EDL also produces power through a bio-mass based power plant of 10 MW capacity in TN and has a 60 Kilo Liter per Day (KLPD) grain based alcohol plant in Andhra Pradesh (AP).

**Status of non-cooperation with previous CRA:** NA

**Any other information:** NA

**Rating History for last three years:** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

<sup>15</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

\*Issuer did not cooperate; Based on best available information

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around Investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**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/outlooks 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

**Annexure-1: Details of Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	April 27, 2016	14%	April 26, 2021	37.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; Negative; ISSUER NOT COOPERATING* on the basis of best available information
Debentures-Non Convertible Debentures	September 16, 2016	14%	April 26, 2021	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; Negative; ISSUER NOT COOPERATING* on the basis of best available information

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings		Rating history				
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	36.08	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D; ISSUER NOT COOPERATING* (05-Apr-18)	1)CARE D (11-Apr-17)	-	1)CARE D (21-Mar-16) 2)CARE D (24-Apr-15)
2.	Fund-based - LT-Cash Credit	LT	37.20	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D; ISSUER NOT COOPERATING* (05-Apr-18)	1)CARE D (11-Apr-17)	-	1)CARE D (21-Mar-16) 2)CARE D (24-Apr-15)
3.	Non-fund-based - ST-Letter of credit	ST	3.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D; ISSUER NOT COOPERATING* (05-Apr-18)	1)CARE D (11-Apr-17)	-	1)CARE D (21-Mar-16)
4.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	29.45	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D; ISSUER NOT COOPERATING* (05-Apr-18)	1)CARE D (11-Apr-17)	-	1)CARE D (21-Mar-16)
5.	Debentures-Non Convertible Debentures	LT	47.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; Negative; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE C; Negative; ISSUER NOT COOPERATING* (05-Apr-18)	1)CARE B; Negative (11-Apr-17)	-	1)CARE B (21-Mar-16)