

Golden Tobacco Ltd.

Instrument	Amount	Rating Action
Fund Based Limits (Cash Credit)	Rs. 44.30 crore	[ICRA]D re-affirmed
Fund Based Limits (Term Loan)	Rs. 6.50 crore	[ICRA]D re-affirmed
Non Fund Based Limit	Rs. 3.00 crore	[ICRA]D re-affirmed

ICRA has re-affirmed the [ICRA]D rating assigned to the Rs. 6.50 crore¹ long term loans & Rs. 44.30 crore working capital facilities of Golden Tobacco Ltd. (GTL or the company)². ICRA has also re-affirmed the [ICRA]D rating assigned to the Rs. 3.00 crore short term, non fund based facilities of the company.

The rating reaffirmation takes into account the stretched liquidity position of the company due to continued business losses, leading to recent instances of delays in debt servicing. The financial profile continues to remain weak characterised by de-growth in revenues in the past two financial years, an adverse capital structure and poor coverage indicators.

Going forward, the ability of the firm to improve its financial position and service its debt obligations in time will be the key rating sensitivities.

Company Profile

Golden Tobacco Limited (GTL) was established by the late Shri Narsee Monjee in the year 1930 in Mumbai (Maharashtra) as a proprietary firm, and later went public in the year 1955. The company was set up as an integrated tobacco processing, cigarette rolling and packaging unit, and has its manufacturing operations located at Vadodara (Gujarat) set up in 1972 apart from the original unit in Mumbai (now being used for real estate development), and a tobacco processing unit in Guntur (Andhra Pradesh). In 1979, the company was taken over by "Dalmia Group", led by Mr. Sanjay Dalmia. The major brand & brand extensions being manufactured are Panama, Chancellor, CHL, Panama Premium Filter and Panama Mini King.

Recent results

In FY2016, the company reported a net loss of Rs. 36.57 crore on an operating income of Rs. 44.73 crore. On a provisional basis, the company reported revenues of Rs. 23.26 crore during H1 of FY2017.

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For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Mr. Suprio Banerjee (Tel. No +91 22 61143443)
supriob@icraindia.com

Nijara Kalita (Tel. No +91 -22-6781612)
nijara.kalita@icraindia.com

Ms. Rupa Pandey (Tel. No +91 22 67816165)
rupa.pandey@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

¹ 100 lakh = 1 crore = 10 million

² For a complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications.



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500