



Golden Tobacco Limited

Instrument	Amount	Rating Action
Long Term, Fund Based, Cash Credit	Rs. 44.30 crore	[ICRA]D; revised from [ICRA]C+
Long Term, Fund Based, Term Loans	Rs. 6.50 crore	[ICRA]D; revised from [ICRA]C+
Short term, Non Fund-Based	Rs. 3.00 crore	[ICRA]D; revised from [ICRA]A4

ICRA has revised the long-term rating outstanding on the Rs. 44.30 crore^{*} fund based facilities and Rs. 6.50 crore term loans of Golden Tobacco Limited ('GTC' or 'the company')[†] from [ICRA]C+ (pronounced ICRA C Plus) to [ICRA]D (pronounced ICRA D). ICRA has also revised the short-term rating outstanding on the Rs. 3.00 crore non-fund based facilities of the company from [ICRA]A4 (pronounced ICRA A Four) to [ICRA]D (pronounced ICRA D).

The rating revision takes into account the stretched liquidity position of the company due to continued business losses, leading to recent delays in debt repayment to the bank. The increase in the excise duties over the last few years coupled with the intense competition from the grey market has resulted in a weak brand presence for GTL's brands.

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. The company entered into the real estate business in FY2008 when its Hyderabad property was offered for joint development. Subsequently, in September 2008, GTL announced its intention of demerging the tobacco and the real estate businesses. However, on account of the weak performance of the tobacco business, GTL shelved this plan and felt it prudent to continue both businesses under one entity. Consequently, the company also offered its Vile Parle property for joint development in FY2010, and shifted its Mumbai manufacturing operations to the Vadodara unit. GTL also owns some land in Palghar (Thane) and has plans to build another manufacturing unit in Palghar to export cigars in the future.

Recent Results

As per its audited results for FY 2014, Golden Tobacco Limited reported net loss of Rs. 34.37 crore on an operating income of Rs. 70.29 crore.

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^{*} 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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