



Press Release

Globus Industries and Services Limited
July 06, 2022

Ratings

Instrument/Facility	Amount (Rs. Crore)	Previous Rating	Current Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	23.56	IVR B-/INC (IVR Single B Minus/ ISSUER NOT COOPERATING)	IVR D (IVR Single D)	Downgraded and moved out of ISSUER NOT COOPERATING	Simple
Short Term Bank Facilities	18.00	IVR A4/ INC (IVR A Four/ ISSUER NOT COOPERATING)	IVR D (IVR Single D)	Downgraded and moved out of ISSUER NOT COOPERATING	Simple
Total	41.56	Rupees Forty-One Crore and Fifty-Six Lakhs only			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has downgraded the long term and short-term rating to IVR D for the bank loan facilities of Globus Industries and Services Limited (GISL). The downgrade is on account of overdues due to devolvement of FLC. Also there have been delays in the payment of interest and principal in the Term loans.

Key Rating Sensitivities

Upward factors

- Regularization of bank facilities for continuous period of minimum 90 days.

List of Key Rating Drivers with Detailed Description

Key Rating Weaknesses

Default/Delays in bank facilities:

There are on-going delays in debt servicing obligation of the company.

Analytical Approach: For arriving at the ratings, IVR has analyzed GISL's credit profile by considering the standalone financial statements of the company.



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Applicable Criteria:

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-financial Sector\)](#)

Liquidity: Poor

Liquidity is marked by poorly matched accruals to repayment obligations. There has been delays in meeting the company's debt obligations. The average Utilisation for the last 12 months ended 31st May 2022 stood at 300%.

About the Company

Incorporated in 1993, Globus Industries and Services Limited is engaged in the manufacturing and trading of edible oils. The manufacturing operations include Vanaspati Oil, Refined oils and Mustard oils. The manufacturing plant is located in Village Khippanwali, Teh. Fazilka, Distt. Ferozepur, Punjab. Manufacturing operations primarily include sales of Vanaspati Oil, Refined oils and Mustard oils. The company aligns its procurement with sales orders and executes manufacturing operations on a back to back basis.

Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2021	31-03-2022
	Audited	Provisional
Total Operating Income	203.90	201.23
EBITDA	12.94	5.93
PAT	7.60	-0.09
Total Debt	22.93	46.15
Adjusted Tangible Net worth	5.84	7.02
EBITDA Margin (%)	6.35	2.95
PAT Margin (%)	3.72	-0.04
Overall Gearing Ratio (x)	3.93	6.58

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (March 08, 2022)	Date(s) & Rating(s) assigned in 2021-22 (April 06, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based	Long Term	23.56	IVR D (IVR Single D)	IVR B-/INC (IVR B minus/ Issuer Not Cooperating)	IVR B/Stable (IVR B)	-
2.	Non-Fund Based	Short Term	18.00	IVR D (IVR Single D)	IVR A4/INC (IVR A Four/ Issuer Not Cooperating)	IVR A4 (IVR A Four)	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy,



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hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities- WCTL	-	-	-	10.07	IVR D (IVR Single D)
Long Term Bank Facilities- FITL	-	-	-	0.16	IVR D (IVR Single D)
Long Term Bank Facilities- GECL	-	-	-	5.95	IVR D (IVR Single D)
Long Term Bank Facilities- Term Loan	-	-	-	0.28	IVR D (IVR Single D)
Long Term Bank Facilities- CESF	-	-	-	0.25	IVR D (IVR Single D)
Long Term Bank Facilities- Cash Credit	-	-	-	6.85	IVR D (IVR Single D)
Short Term Bank Facilities- ILC/FLC	-	-	-	18.00*	IVR D (IVR Single D)

*ILG/FLG Of Rs. 1.00 crore is the sublimit ILC/FLC Facility

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details.

<https://www.infomerics.com/admin/prfiles/Len-Globus-Industries-july22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).