



## Press Release

### Transways Exim Private Limited

February 06, 2025

#### Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	116.40	IVR BBB/Stable (IVR Triple B with Stable Outlook).	-	Assigned	Simple
Short Term Bank Facilities	3.60	IVR A3+ (IVR A Three Plus)	-	Assigned	Simple
<b>Total</b>	<b>120.00</b> <b>(Rupees One hundred and twenty crores only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

The ratings assigned to the bank facilities of Transways Exim Private Limited (TEPL) derives comfort from long track record of operations of the company under experienced promoters, association of the company with United Spirits Limited (USL) and established own brand of country liquor [CL]. The ratings also consider gradual improvement in business performance of the company marked by growth in scale of operation and profitability with comfortable capital structure and adequate debt coverage indicators. However, these rating strengths are partially offset by vulnerability to regulatory changes in the liquor industry, competition from unorganised players in CL segment and susceptibility of profitability to volatile input prices.

The stable outlook reflects that the company will maintain a stable business performance over the medium term on account of its experienced promoters with established relationship with USL and healthy demand of its products.

#### Key Rating Sensitivities:

##### Upward Factors:

- Sustained growth in bottling fee and scale of operations with improvement in gross cash accruals
- Improvement in the capital structure with improvement in debt coverage indicators
- Improvement in working capital management with improvement in operating cycle.



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### **Downward Factors:**

- Moderation in scale of operations and/or moderation in profitability on a sustained basis.
- Moderation in the capital structure with deterioration in overall gearing to over 1x.
- Elongation in the working capital cycle leading to deterioration in liquidity.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Long track record of operation under experienced promoters**

Incorporated in 1996, TEPL has an operational track record of about three decades in bottling and distribution of India Made Foreign Liquors (IMFL) and manufacturing of CL. On the back of its long presence the company has created an established space in the sector. The promoters are associated with the company since inception and have extensive experience in the alcohol industry, which enables the company to build strong relationships with customers and suppliers.

- **Association with United Spirits Limited (USL)**

USL shares strong linkages with the Diageo group (holding 55.88% stake), which has complete management control over the entity. Diageo is a multinational alcohol beverage company that delivers quality products to its customers across the country. USL also has access to some of the premium brands of Diageo (Johnnie Walker, Smirnoff, Baileys etc.). TEPL has been associated with USL for more than 10 years and signed a long-term agreement which imparts comfort and stability in the business performance. USL maintains a strong position in the Indian IMFL space. TEPL entered a fresh agreement with USL in March 2023 for bottling, in which TEPL expects to produce monthly 3.25 lakh cases at their Domjur Plant and the licenses for the remaining 2 lakh cases for Raghudevapur plant are pending from the respective authorities. This includes various brands including Royal challenge, Mac Dowel's No.1, Celebrations Rum, Signature, and Antiquity and brands of premium Scotch whiskey like Black & White, Vat 69 and Black Dog.

- **Established own brand of country liquor**

The company is also in the business of CL manufacturing with an installed capacity of 42 lakh cases per annum. The company has its own brands in CL segment like DADA, Bagh, Don, Orange Joy, and Alpha Race which are well established in the market. Besides, in-house



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liquor brands of the company like Emboss, King Power is also gaining popularity in the market. TEPL derives ~30% of its revenue in FY24 [FY refers to the period from April 1 to March 31] from sales of its own brands.

- **High entry barriers in liquor industry**

Liquor business in the country is highly regulated and is entirely controlled by the respective state governments. With all the alcohol consuming states/union territories having their own regulations, tax structures and entry-exit restrictions, it is difficult for new entrants to secure licenses; thus, providing a competitive advantage to existing players.

- **Gradual improvement in business performance marked by growth in scale of operation and profitability**

Total operating income (TOI) increased at a CAGR of ~23% during FY2022-FY2024 with a y-o-y growth of ~32% from Rs.387.96 crore in FY2023 to Rs.512.61 crore in FY2024 on the back of increase in sales volume as well as increase in selling prices of IMFL and CL amidst favourable market demand for country liquor. However, the EBITDA margin moderated marginally from 2.94% in FY23 to 2.74% in FY24 due to the increase in raw material prices primarily glass bottles. Nevertheless, on absolute terms, EBITDA increased from Rs.11.40 crore in FY23 to Rs.14.05 crore in FY24. Consequently, PAT also increased from Rs.2.72 crore in FY23 to Rs.6.60 crore in FY24. Aided by the increase in profitability, gross cash accruals have also increased from Rs.7.36 crore in FY2023 to Rs.13 crore in FY2024. Going forward the topline of the company is expected to witness moderation due to change in the process of booking of revenue. Earlier till July 2025, all the sales and purchases relating to bottling agreement with USL were routed through the books of TEPL. However, since August 2025 the company has started booking only the bottling fees received from USL in its books and all the sales and purchases relating to the bottling agreement are booked under the books of USL. Till 9MFY25, the company achieved a topline of Rs. 325.47 crore. Infomerics Rating expects growth in profitability of TEPL going forward on the back of expected increase in bottling revenue underpinned by higher production for USL and rise in demand of own brands.

- **Comfortable capital structure and adequate debt coverage indicators**

The company has a strong net worth base of Rs.114.55 crore as on March 31, 2024. The capital structure of the company remained comfortable with long term debt equity ratio and overall gearing of 0.22x and 0.83x respectively as on March 31, 2024, as against 0.15x and 0.73x respectively as on March 31, 2023. The moderation in capital structure is on account of elevated debt levels owing to additional term loans taken to enhance the capacity to meet the



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demand as per agreement signed with USL. Furthermore, total indebtedness as reflected by TOL/ATNW also stood comfortable at 1.22x as on March 31, 2024. The debt service coverage indicators of the company also remained satisfactory with ICR of 1.88x in FY2024 as against 2.61x in FY2023. Total debt/EBITDA and Total debt/NCA also remained comfortable at 6.74x and 7.29x respectively as on March 31, 2024.

### Key Rating Weaknesses

- **Vulnerability to regulatory changes in the liquor industry**

The liquor industry in India remains highly regulated with the state government controlling the sales and distribution. Any change in government policies with respect to production and distribution of liquor, taxation, and state excise duty or any material changes in the duty structure may impact the liquor industry and subsequently, the company's performance. However, the association with USL, which has strong established IMFL brands, lends comfort.

- **Competition from unorganised players in CL segment**

CL industry is susceptible to low entry barriers and adulteration is common in the small set-ups of country liquor. Hence that poses a threat as those are cheaper options.

- **Susceptibility of profitability to volatile input prices**

The prices of the key raw materials for the company – extra neutral alcohol (ENA) and glass bottles are volatile in nature and TEPL has to keep stocks in sufficient quantities to remain competitive in the market since the company does not have backward integration for manufacture of ENA, its key raw material. Consequently, the profitability remains susceptible to fluctuation in input prices. As such TEPL's margins remain exposed to volatility in the raw material prices.

- **Exposure to group company in the form of corporate guarantee (CG)**

TEPL has extended corporate guarantee to the bank facilities (Cash credit) of Rs.10 crore of Trineas Commerce Private Limited (TCPL). However, TCPL is a profitable entity engaged as zonal distributor (channel distribution agent) of Reliance JIO. However, the overall gearing ratio of TEPL including corporate guaranteed debt also stood comfortable at 0.91x as on March 31, 2024. Moreover, as indicated by the management, TCPL is in process of reducing its bank facilities to Rs.5 crore and has requested the lender for removal of CG given by TEPL.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

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



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[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The liquidity position of the company is likely to remain adequate in the near to medium term marked by its expected sufficient cash accruals vis-à-vis its debt repayment obligation for the next three years. The company has a comfortable capital structure with overall gearing of 0.83x as on March 31, 2024, indicating adequate gearing headroom. Further, the current ratio also stood comfortable at 1.75x as on March 31, 2024. Furthermore, the average utilisation of working capital borrowings remained moderate at ~84% for the last twelve months ended November 2024 indicating sufficient cushion in its working capital limits.

### **About the Company**

Incorporated in October 1996, Transways Exim Private Limited (TEPL) is engaged in bottling of reputed brands of United Spirits Ltd (USL) [Royal challenge, Mac Dowel's No.1, Celebrations Rum, Signature, and Antiquity] including brands of premium Scotch whiskey [Black & White, Vat 69 and Black Dog]. Besides, the company is also engaged in manufacturing of own brands of country liquor (CL) including DADA, Bagh, Don, Orange Joy, and Alpha Race along with manufacturing of own branded whiskeys like Emboss and King Power. The manufacturing facilities of the company are located in Domjur (4.2 lakh cases per Annum) and Raghudevpur (4.8 lakh cases per annum) of Howrah district. The company has earmarked adequate capacity of its Domjur plant and 30% capacity of Raghudevpur plant for manufacturing of USL products.

### **Financials: Standalone**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	387.96	512.61
EBITDA	11.40	14.05
PAT	2.72	6.60
Total Debt	78.81	94.75
Tangible Net Worth	107.90	114.55
EBITDA Margin (%)	2.94	2.74
PAT Margin (%)	0.70	1.27
Overall Gearing Ratio (x)	0.73	0.83
Interest Coverage (x)	2.61	1.88

\* Classification as per Infomerics' standards





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Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Term Loan	Long Term	15.30*	IVR BBB/Stable	-	-	-
2	Term Loan	Long Term	11.89*	IVR BBB/Stable	-	-	-
3	Cash Credit	Long Term	85.00	IVR BBB/Stable	-	-	-
4	Proposed Cash Credit	Long Term	4.21	IVR BBB/Stable	-	-	-
5	Bank Guarantee	Short Term	3.60	IVR A3+	-	-	-

\* Outstanding as on December 08, 2024

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	June 2030	15.30*	IVR BBB/Stable
Term Loan	-	-	June 2030	11.89*	IVR BBB/Stable
Cash Credit	-	-	-	85.00	IVR BBB/Stable
Proposed Cash Credit	-	-	-	4.21	IVR BBB/Stable
Bank Guarantee	-	-	-	3.60	IVR A3+

\* Outstanding as on December 08, 2024

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-transways-feb25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/Combined analysis:** 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 [www.infomerics.com](http://www.infomerics.com).