



SMERA RATINGS LIMITED

G.A. Randerian Private Limited (GARPL)**Rating
Rationale****January 10, 2014**

Facilities	Amount (Rs. Crore)	Rating
Export Packing Credit	7.00	SMERA A4 (Assigned)
Post Shipment Credit	10.00	SMERA A4 (Assigned)
Letter of Credit	0.25	SMERA A4 (Assigned)

SMERA has assigned a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.17.25 crore bank facilities of GA Randerian Private Limited (GARPL). The rating is constrained by the company's modest scale of operations and low profitability amidst intense competition prevalent in the tea industry. The rating is also constrained by the company's exposure to foreign exchange fluctuation risk and customer concentration risk. The rating factors in the risks associated with the company's working capital-intensive operations. However, the rating is supported by the company's experienced management and moderate financial risk profile.

GARPL, incorporated in 1942, is a Kolkata-based company engaged in blending, branding and export of tea. GARPL has a modest scale of operations with net sales of Rs.31.44 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company's sales have halved over the last four years due to intense competition. GARPL reported low net profit margin of 0.94 per cent in FY2012-13. The company's profitability is highly susceptible to volatility in tea prices and fluctuations in currency rates. GARPL is exposed to high customer concentration risk as the company derives ~90 per cent of its total sales from a single customer.

GARPL's operations are working capital-intensive. The company's gross current assets (GCA) are high at 372 days as on March 31, 2013, mainly due to inventory holding period of 225-250 days in FY2012-13.

GARPL has an experienced management team. The company's directors have around three decades of experience in the tea industry. GARPL's financial risk profile benefits from low leverage (0.46 times as on March 31, 2013), moderate interest coverage ratio (1.54 times in FY2012-13) and absence of long-term debt.

About the company

GARPL, incorporated in 1942, is a Kolkata-based company managed by Mr. Shakir Randerian and Ms. Afroze Randerian. GARPL is engaged in blending, branding and export of tea. GARPL has a processing unit in Kidderpore, West Bengal. The company's main export markets include UAE, Saudi Arabia and USA.

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For FY2012-13, GARPL reported PAT of Rs.0.30 crore on operating income of Rs.32.10 crore, as compared with PAT of Rs.0.31 crore on operating income of Rs.54.66 crore for FY2011-12. Further, the company reported operating income of Rs.59.09 crore during April 2013 to November 2013, as compared with operating income of Rs.23.97 crore during the corresponding period of the previous year. GARPL's net worth stood at Rs.9.79 crore as on March 31, 2013, as compared with Rs.9.66 crore a year earlier.

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