



SMERA RATINGS LIMITED

G.A. Randerian Private Limited (GARPL)

Rating
Rationale

April 10, 2015

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

SMERA has upgraded the bank loan rating of G.A. Randerian Private Limited (GARPL) to '**SMERA A4+**' (read as **SMERA A four plus**) from '**SMERA A4**'. The rating upgrade reflects improvement in the company's financial risk profile and liquidity position. The rating continues to draw comfort from the company's experienced management. SMERA believes the company is poised to benefit from the favourable demand outlook for Indian tea in the export markets. However, the rating is constrained by the company's modest-scale operations and low profitability. The rating is also constrained by the company's exposure to customer concentration risk. The rating notes that the company's profit margins are susceptible to forex fluctuation risk.

Update

GARPL's leverage (debt-equity ratio) has improved from 0.66 times as on March 31, 2012 to 0.29 times as on March 31, 2014. The company's interest coverage ratio has improved from 1.40 times in FY2011-12 (refers to financial year, April 01 to March 31) to 2.30 times in FY2013-14. SMERA believes GARPL will maintain a comfortable financial risk profile over the medium term. The company has registered improvement in working capital management with gross current assets (GCA) of 175 days in FY2013-14, as compared with GCA of 372 days in FY2012-13. GARPL is expected to maintain a comfortable working capital cycle over the medium term. The company's average bank limit utilisation was low at ~60 per cent during September 2014 to February 2015.

For FY2013-14, GARPL reported profit after tax (PAT) of Rs.0.69 crore on operating income of Rs.83.77 crore, as compared with PAT of Rs.0.30 crore on operating income of Rs.32.10 crore in FY2012-13. The company reported net sales of Rs.53.00 crore (provisional) in FY2014-15.

GARPL is expected to report higher operating profit margin (3.75-4.00 per cent) in FY2014-15, as against 2.34 per cent in FY2013-14 on the back of higher realisation.

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GARPL remains exposed to high level of customer concentration risk as the company derives ~90 per cent of its total sales from a single customer. The aforementioned risk is partially offset by the company's long-standing relations with its customer.

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. The company has a processing unit in Kidderpore, West Bengal. GARPL's main export markets include UAE, Saudi Arabia and USA.

GARPL's net worth stood at Rs.10.31 crore as on March 31, 2014, as compared with Rs.9.79 crore a year earlier.

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