



SMERA RATINGS LIMITED

G.A. Randerian Private Limited (GARPL)**Rating
Rationale****December 23, 2015**

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

SMERA has reaffirmed the bank loan rating of '**SMERA A4+**' (read as **SMERA A four plus**) on Rs.17.25 crore bank facilities of G.A. Randerian Private Limited (GARPL). The rating draws comfort from the company's experienced management and its moderate financial risk profile. 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 has registered operating income of Rs.53.32 crore for FY2014-15. For the period of April 2015 - October 2015, the company has reported net sales of Rs.38.34 crore.

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.

GARPL has maintained its leverage (debt-equity ratio) at 0.28 times as on March 31, 2015 as against 0.29 times in previous year. The company's interest coverage ratio has deteriorated from 2.38 times in FY2014 to 1.70 times in FY2015. However, SMERA believes GARPL will maintain a moderate financial risk profile over the medium term.

The company's working capital nature of operations reflects from its high gross current assets (GCA) of 250 days in FY2014-15, as compared with GCA of 175 days in FY2013-14. The company's average bank limit utilisation was at ~87 per cent during the period May 2015 to October 2015. GARPL is expected to maintain a comfortable working capital cycle over the medium term.

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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.10.63 crore as on March 31, 2015, as compared with Rs.10.31 crore a year earlier.

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