

G.A. Randerian Private Limited: Reaffirmed

Facilities	Amount (Rs. Crore)	Rating
Export Packing Credit	7.00	SMERA A4+ (Reaffirmed)
Post Shipment Credit	18.00 (enhanced from Rs 10.00 crore)	SMERA A4+ (Reaffirmed)
Letter of Credit	0.25	SMERA A4+ (Withdrawn)

SMERA has reaffirmed the bank loan rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs.25.00 crore bank facilities and withdrawn the said rating on the Rs.0.25 crore facility of G.A. Randerian Private Limited (GARPL). The withdrawal is with immediate effect since the facility has been discontinued by the client.

The rating continues to draw comfort from the long track record of operations, moderate financial risk profile and growth in revenue. However, the rating is constrained by the modest scale of operations, low profitability and working capital intensive operations. The rating also factors in the exposure of the company to customer concentration risk.

Update

GARPL, incorporated in 1942, is a Kolkata-based company headed by Mr. Shakir Randerian and Ms. Afroze Randerian. The company is engaged in the blending, branding and export of tea at Kidderpore, West Bengal. The products are mainly exported to UAE, Saudi Arabia and USA.

The company has maintained its leverage (debt-equity ratio) at 0.32 times as on March 31, 2016 as against 0.28 times in the previous year. The interest coverage marginally decreased to 1.62 times in FY2016 from 1.70 times in the previous year. GARPL's net worth base stands at Rs.10.93 crore in FY2016 as against Rs.10.63 crore in the previous year due to retention of profit. SMERA believes that the company will maintain a moderate financial risk profile over the medium term.

GARPL has registered a growth of 27.34 per cent in operating income at Rs.67.93 crore in FY2016 as against Rs.53.34 crore last year. The operations are working capital intensive marked by stretched inventory days of 127 in FY2016 as against 146 days in FY2015. This is mainly on account of high stock that the company has to maintain during the lean period from November to March. Further, the gross current assets of the company stand at 199 days in FY2016.

The company has reported operating profit of Rs.2.53 crore in FY2016 as against Rs.2.17 crore in the previous year. Low profitability is due to the trading nature of operations.

The company is exposed to customer concentration risk since ~90 per cent of sales are derived from a single customer - Al Intisar General Trading Est of United Arab Emirates. However, the aforementioned risk is partially offset by the long-standing relations of the company with the customer.

Rating Sensitivity Factors

- Scaling up operations while improving profitability
- Efficient working capital management

Criteria applied to the rating

- Trading entities

About the Company

GARPL, incorporated in 1942, is a Kolkata-based company headed by Mr. Shakir Randerian and Ms. Afroze Randerian. The company is engaged in the blending, branding and export of tea at Kidderpore, West Bengal and exports its products to UAE, Saudi Arabia, USA among others.

For FY2016 the company achieved net profit after tax (PAT) of Rs.0.47 crore on operating income of Rs.67.93 crore as compared with PAT of Rs.0.44 crore on operating income of Rs.53.34 crore in FY2015.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings
			Short Term
23 Dec, 2015	Export Packing Credit	7.00	SMERA A4+(Reaffirmed)
	Post Shipment Credit	10.00	SMERA A4+(Reaffirmed)
	Letter of Credit	0.25	SMERA A4+(Reaffirmed)
10 April, 2015	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)
10 January, 2014	Export Packing Credit	7.00	SMERA A4 (Assigned)
	Post Shipment Credit	10.00	SMERA A4 (Assigned)
	Letter of Credit	0.25	SMERA A4 (Assigned)

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ABOUT SMERA

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