

Press Release

G.A. Randerian Private Limited

May 24, 2019

Rating Downgraded



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|-------------------------------------|--|
| Total Bank Facilities Rated* | Rs. 25.00 Cr. |
| Short Term Rating | ACUITE D (Downgraded from ACUITE A4+) |

* Refer Annexure for details

Rating Rationale

Acuite has downgraded the short term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs. 25.00 crore bank facilities of G A Randerian Private Limited (GAPL).

The downgrade is driven by delays in debt servicing as informed by the banker.

GAPL, incorporated in 1942, is a Kolkata-based company managed by Mr. Shakir Randerian and Ms. Afroze Randerian. GAPL is engaged in blending, branding and export of tea, and export of shrimps. GAPL has a processing unit at Kidderpore in West Bengal. The company mainly exports to UAE, Saudi Arabia and USA.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of GAPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Long track record of operations and experienced management**

GAPL, incorporated in 1942, is a Kolkata-based company engaged in blending, branding and export of tea, and export of shrimps. The promoters of GAPL have rich experience of more than seven decades in the tea export business. Currently, GAPL is managed by Mr. Shakir Randerian and Ms. Afroze Randerian, who are the third generation entrepreneur from the same family in running this business.

Weaknesses

- **Delays in debt servicing**

The rating is constrained by delays in regularisation of the pre-shipment credit and post shipment credit account for more than thirty days. Multiple such instances have been recorded in the past three months through April, 2019. The delays in debt servicing are attributed to loss of revenue as the company's turnover decreased by more than 60% from last year.

- **Customer and geographical concentration risk**

GAPL is exposed to customer concentration risk with close to 90 per cent of revenue coming from a single agent i.e. Al Intisar General Trading Est, Deira, United Arab Emirates.

Liquidity Position:

GAPL has stressed liquidity marked by declining net cash accruals. GAPL generated cash accruals of Rs. 0.60 crore in FY2019 (Provisional) as compared to Rs. 0.75 crore in FY2018 and Rs. 1.67 crore in FY2017. However, GAPL had no long term debt obligations over the same period. GAPL's operations are moderately working capital intensive as marked by gross current asset (GCA) of 705 days in FY 2019 (Provisional) as compared to 252 days in FY2018. This has led to higher reliance on working capital borrowings; the packing credit limit in GAPL remains utilised at more than ~95 percent on average during the last 3 months period ended April 2019. The current ratio of GAPL stood average at 1.26 times as on March 31, 2019 (Provisional).

About the Rated Entity - Key Financials

| | Unit | FY18 (Actual) | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 19.83 | 50.42 | 63.04 |
| EBITDA | Rs. Cr. | 2.10 | (0.90) | 1.76 |
| PAT | Rs. Cr. | 0.20 | 0.37 | 1.30 |
| EBITDA Margin | (%) | 10.59 | (1.79) | 2.80 |
| PAT Margin | (%) | 1.01 | 0.74 | 2.07 |
| ROCE | (%) | 8.93 | 10.10 | 19.95 |
| Total Debt/Tangible Net Worth | Times | 0.67 | 0.46 | 0.29 |
| PBDIT/Interest | Times | 1.50 | 1.90 | 2.52 |
| Total Debt/PBDIT | Times | 3.92 | 2.68 | 1.05 |
| Gross Current Assets (Days) | Days | 705 | 252 | 202 |

Status of non-cooperation with previous CRA (if applicable)

Not applicable.

Any other information

None.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-------------|---------------------------------|------------|------------------|-------------------------|
| 09-Mar-2018 | Export Packing Credit | Short Term | 7.00 | ACUITE A4+ (Reaffirmed) |
| | Post Shipment Credit | Short Term | 18.00 | ACUITE A4+ (Reaffirmed) |
| 19-Dec-2016 | Export Packing Credit | Short Term | 7.00 | ACUITE A4+ (Reaffirmed) |
| | Post Shipment Credit | Short Term | 18.00 | ACUITE A4+ (Reaffirmed) |
| | Letter of Credit | Short Term | 0.25 | ACUITE A4+ (Withdrawn) |

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-----------------------------|---------------------------------------|
| Export Packing Credit | Not Applicable | Not Applicable | Not Applicable | 7.00 | ACUITE D (Downgraded from ACUITE A4+) |
| Post Shipment Credit | Not Applicable | Not Applicable | Not Applicable | 18.00 | ACUITE D (Downgraded from ACUITE A4+) |

Contacts

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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