

## Press Release

G.A. Randerian Private Limited

December 06, 2022



## Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	-	ACUITE A4   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	25.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

## Rating Rationale

Acuite has reaffirmed the short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.25.00 Cr bank facilities of G A Randerian Private Limited (GARPL).

### Rationale for the

The rating takes into account the increase in the operating income of the company in FY2022. The rating also factors the experienced management and long track of the company's operations. These strengths are, however, offset by the moderate financial risk profile of the company, the working capital intensive nature of operations and the susceptibility to intense competition and the foreign exchange rate fluctuations.

### About the Company

Incorporated in 1942, G A Randerian Private Limited (GARPL) is based in Kolkata and is engaged in the blending and branding of tea. The company is managed by Mr. Shakir Randerian and Ms. Afroze Randerian. GARPL has its processing unit in Kidderpore, West Bengal. The company exports tea and shrimps to UAE, Saudi Arabia and USA.

### Analytical Approach

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

### Key Rating Drivers

#### Strengths

- Improvement in the operating income coupled with experienced management

GARPL has established a two decades long presence in the industry with strong relationships built with the clientele, AL Intisar General Trading Est, MIMT LLC, Akavan Food Inc, to name a few. The industry presence and the two decades extensive experience of the promoters, Mr. Shakir Randerian and Ms. Afroze Randerian, has aided in the growth of the company. Acuite derives comfort from the experience of the promoters.

GARPL has generated operating income of around Rs.43.62 Cr in FY2022 as against Rs.24.91 Cr in FY2021 thereby, registering 75 per cent growth in revenues. Further, the company has achieved revenues of Rs.23.90 Cr till September'22 (provisional).

The significant rise in the operating revenues of the company is on account of increase in the tea export opportunities in the country. India's tea exports stood at US\$726.82 in FY2022 as against US\$716.86 in FY2021.

Further, the rise in revenues are on account of increase in the price per kilogram which stood at US\$ 3.62 in FY2022 as compared to US\$ 3.52 in FY2021. Acuité believes that the rising export opportunities and sustenance of the regular order pipeline will continue to aid in the growth of the scale of operations of the company.

## **Weaknesses**

- **Moderate financial risk profile**

The company's moderate financial risk profile is reflected by modest but improving net worth base, comfortable gearing and moderate debt protection measures. The tangible net worth of the company increased to Rs.13.99 Cr as on March 31, 2022 from Rs.13.42 Cr as on March 31, 2021 due to accretion of reserves. Gearing of the company stood below unity at 0.89 times as on March 31, 2022 as compared to Rs.0.73 times as on March 31, 2021, whereas, Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 3.14 times as on March 31, 2022 as against 3.02 times as on March 31, 2021. The modest debt coverage metrics is marked by Interest Coverage Ratio (ICR) at 1.72 times as on March 31, 2022 and Debt Service Coverage Ratio at 1.60 times as on March 31, 2022. The Net Cash Accruals/Total Debt (NCA/TD) stood low at 0.07 times as on March 31, 2022. Acuité believes that the financial risk profile of company will continue to remain moderate over the medium term, in absence of any major debt funded capex plans.

- **Working capital intensive nature of operations**

The working capital intensive nature of operations of the company is marked by gross current asset (GCA) of 456 days in FY2022 as against 736 days in the previous year. Despite the comparatively decreasing GCA days, the level remained high primarily on account of high stock holding. The inventory period sustained a high level at 341 days as on 31st March, 2022 as compared to 562 days as on 31st March, 2021 on account of stocking up tea in the buying season to maintain inventory during lean season. However, the debtor period stood comfortable at 56 days as on March 31, 2022 as compared to 90 days in the previous year. Going forward, Acuité believes that the working capital management of the company will remain intensive over the medium term as evident from the high inventory levels.

- **Volatility in tea prices along with forex fluctuation risk**

The prices of tea are linked to the auctioned prices, which in turn, are linked to prices of tea in the international market. Hence, significant price movement in the international tea market may affect GARPL's profitability margins. Further, tea prices fluctuate widely with demand-supply imbalances arising out of both domestic and international scenarios and also the tea prices have a strong linkage with agro-climatic conditions. Moreover, since the company's revenue comes from exports; GARPL is exposed to high customer concentration risk with close to 87 per cent of revenue coming from a single customer i.e. Al Intisar General Trading Est, situated at Deira, United Arab Emirates, which is a trader supplying to Iran, UAE and other Middle East countries. Hence, the company has substantial exposure to foreign exchange fluctuation risk.

## **Rating Sensitivities**

- Improvement in the operating income level

## Material covenants

None

## Liquidity position: Adequate

The company's liquidity position is adequate marked by net cash accruals of Rs.0.91 Cr in FY2022 as against no long term debt repayment over the same period. The cash and bank balances of the company stood at Rs.0.54 Cr in FY2022. The current ratio stood moderate at 1.24 times in FY2022 and FY2021. However, the fund based limit utilization is at 87 per cent over six months ended September, 2022. The working capital intensive nature of operations of the company is marked by Gross Current Assets (GCA) of 456 days in FY2022 as compared to 736 days in FY2021. Acuite believes that going forward the company's liquidity position will remain at similar levels due to gradually improving net cash accruals.

## Outlook

None

## Other Factors affecting Rating

None

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	43.62	24.91
PAT	Rs. Cr.	0.67	0.40
PAT Margin	(%)	1.53	1.62
Total Debt/Tangible Net Worth	Times	0.89	0.73
PBDIT/Interest	Times	1.72	1.72

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

None

## Any other information

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](https://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Oct 2022	Post Shipment Credit	Short Term	10.00	ACUITE A4 ( Issuer not co-operating*)
	Proposed Bank Facility	Short Term	5.00	ACUITE A4 ( Issuer not co-operating*)
	Packing Credit	Short Term	10.00	ACUITE A4 ( Issuer not co-operating*)
12 Jul 2021	Post Shipment Credit	Short Term	10.00	ACUITE A4 (Upgraded from ACUITE D)
	Proposed Bank Facility	Short Term	5.00	ACUITE A4 (Upgraded from ACUITE D)
	Packing Credit	Short Term	10.00	ACUITE A4 (Upgraded from ACUITE D)
24 May 2019	Packing Credit	Short Term	7.00	ACUITE D (Downgraded from ACUITE A4+)
	Post Shipment Credit	Short Term	18.00	ACUITE D (Downgraded from ACUITE A4+)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE A4   Reaffirmed
Bank of Baroda	Not Applicable	Post Shipment Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE A4   Reaffirmed
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A4   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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