



Press Release
G.A. Randerian Private Limited
February 22, 2024
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	-	-

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).

Rating Rationale

The rating reaffirmation factors in the moderate business position of the company as reflected from the moderate order book position buoyed by repeat orders from its clientele. The ratings also factor in the established track record of the promoters in the tea industry. The rating also receives comfort from the increase in operating margins. The margin of the company increased to 4.62% in FY2023 from 4.34% in FY2022 on account of decrease in inventory cost.

However, these strengths are partially offset by intensive working capital operations, moderate financial profile and the volatility in tea prices and agro climatic conditions with customer concentration risk.

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 to UAE, Saudi Arabia and USA.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

- Long standing operations and experienced promoters

GARPL has established a long presence in the tea industry for over two decades. The promoters of GARPL, Mr. Shakir Randerian and Ms. Afroze Randerian has aided in the growth of the company with their two decades' extensive experience and has built strong relationships with the clientele, AL Intisar General Trading Est, MIMT LLC, Akavan Food Inc, to

name a few. Acuité believes that the experienced management and the long track record of the company of over two decades will continue to support the company in maintaining

the long standing relations with its customers and suppliers.

- **Steady scale of operations**

The company has achieved revenues of Rs. 42.22 Cr in FY2023 as compared to revenues of Rs. 43.62 Cr in FY2022. Further the company has already achieved revenue of around Rs.41.34 Cr. till January 2024 (Provisional). GARPL has an unexecuted order book position to the tune of about Rs.32.10 Cr as on 31st January, 2024 which will be executed shortly in 3-4 months, thus providing moderate revenue visibility over the medium term.

Further, the operating margin of the company increased to 4.62% in FY2023 from 4.34% in FY2022 on account of decrease in inventory costs. The PAT margins stood at 1.54 per cent in FY2023 as against 1.53 per cent as on FY2022. The Return on Capital Employed (ROCE) of the company stood at 7.27 per cent as on FY2023. Acuite believes that going forward, the profitability margins are expected to improve over the medium term.

Weaknesses

- **Moderate financial risk profile**

The financial risk profile of the company is marked by moderate net worth, modest gearing and moderate debt protection metrics. The tangible net worth of the company stood at Rs.14.54 Cr as on March 31, 2023 as compared to Rs.13.99 Cr as on March 31, 2022 due to accretion to reserves. Furthermore, the gearing of the company stood modest at 1.76 times as on 31 March 31, 2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 3.52 times as on March 31, 2023. The debt protection metrics of the company remain moderate marked by Interest coverage ratio (ICR) of 1.67 times and debt service coverage ratio (DSCR) of 1.56 times for FY2023. The net cash accruals to total debt (NCA/TD) stood healthy at 0.03 times in FY2023.

Going forward, Acuite believes that going forward the financial risk profile will remain moderate over the medium term, supported by healthy internal accrual generation.

- **Working capital intensive nature of operations**

The working capital intensive nature of operations of the company is marked by high Gross Current Assets (GCA) of 539 days for FY2023 as compared to 456 days for FY2022. The GCA days are mainly on account of high inventory days and receivables days. The inventory days of the company stood high at 362 days in FY2023 as compared to 341 days in FY2022. Further, the debtor days of the company stood at 130 days for FY2023 as against 56 days for FY2022. Against this, the company has substantial dependence on its suppliers to support the working capital; creditors stood at 252 days as on March 31, 2023.

Acuite believes that the working capital operations of the company will remain at the similar levels over the medium term.

- **Volatile tea prices and agro climatic conditions with customer concentration risk**

The prices of tea are linked to the auctioned prices and further to prices of tea in the international market. Significant price movements in the international market may affect the company's profitability margins. Further, tea prices fluctuate widely with demand-supply imbalances in the domestic and international market. Tea is a perishable product and demand for it is relatively perfectly inelastic as it caters to all segments of society. While demand has a strong growth rate, supply can vary depending on climatic conditions in the major tea growing countries. Unlike other commodities, tea price cycles have no linkage with the general economic cycles, but with agro-climatic conditions. The company's revenue comes from exports; GARPL is exposed to high customer concentration risk with close to 89 per cent of revenue coming from a single customer i.e. Al Intisar General Trading Est, situated at Deira, United Arab Emirates.

Rating Sensitivities

- Growth in revenue along with improvement in profitability margins
- Improvement in working capital cycle
- Improvement in capital structure

Liquidity Position

Stretched

The company has stretched liquidity marked by the bank limit of the company has been ~98.95 percent utilized for the last six months ended in January 2024. The current ratio of the company stood low at 1.22 times in FY2023. Further, working capital intensive nature of operations of the company is marked by high Gross Current Assets (GCA) of 539 days for FY2023 as compared to 456 days for FY2022. However, the net cash accruals of Rs.0.89 Cr. as on March 31, 2023 as against no long term debt obligations over the same period. The cash and bank balance stood at Rs. 1.83 Cr for FY 2023.

Acuité believes that the liquidity of the company is likely to remain similar on account of improving cash accruals against nil long debt repayments over the medium term.

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	42.22	43.62
PAT	Rs. Cr.	0.65	0.67
PAT Margin	(%)	1.54	1.53
Total Debt/Tangible Net Worth	Times	1.76	0.89
PBDIT/Interest	Times	1.67	1.72

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

Not Applicable

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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Dec 2022	Proposed Bank Facility	Short Term	5.00	ACUITE A4 (Reaffirmed)
	Packing Credit	Short Term	10.00	ACUITE A4 (Reaffirmed)
	Post Shipment Credit	Short Term	10.00	ACUITE A4 (Reaffirmed)
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	Packing Credit	Short Term	10.00	ACUITE A4 (Upgraded from ACUITE D)
	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)

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 avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A4 Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A4 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A4 Reaffirmed

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Dipti Choudhary Analyst-Rating Operations Tel: 022-49294065 dipti.choudhary@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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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