

June 25, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.34	SMERA B+/ Stable (Assigned)
Cash Credit	6.50	SMERA B+/Stable(Assigned)
Packing Credit	0.75	SMERA A4 (Assigned)
Letter of Guarantee	0.75	SMERA A4 (Assigned)
Term Loan (proposed)	0.35	SMERA B+/Stable (Assigned)
Cash Credit (proposed)	1.00	SMERA B+/Stable (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA single B plus**) and '**SMERA A4**' (read as **SMERA A four**) to the Rs.9.69 crore bank facilities of Huldibari Industries & Plantation Company Limited (HIPCL). The outlook is '**Stable**'. The ratings are constrained by the company's small-scale operations in an intensely competitive segment of the tea industry. The ratings are also constrained by the company's weak debt protection metrics. However, the ratings draw comfort from the company's established operations, experienced management and strategic location.

HIPCL, established in 1889, is a Kolkata-based company engaged in processing of tea. HIPCL has small-scale operations marked by operating income of Rs.20.14 crore in FY2013-14 (refers to financial year, April 01 to March 31). The company faces intense competition from several players in the tea industry. HIPCL's weak debt protection metrics are reflected in high leverage (debt-equity ratio) of 3.69 times as on March 31, 2014 and moderate interest coverage ratio of 1.51 times in FY2013-14.

HIPCL benefits from its experienced management. The promoters of the company have around three decades of experience in the tea industry. HIPCL's processing facility is located in proximity to several tea gardens in West Bengal.

Outlook: Stable

SMERA believes HIPCL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected revenue and cash accruals while achieving healthy debt protection metrics. The outlook may be revised to 'Negative' in case the company registers lower-than-expected revenue and profit margins, or in case of deterioration in the company's financial risk profile.

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SMERA RATINGS LIMITED

Huldibari Industries & Plantation Company Limited (HIPCL)

*Rating
Rationale*

About the company

HIPCL was established as an Association of Persons (named Huldibari Tea Association) in 1889. The association was converted into a private limited company in 1995.

HIPCL undertakes processing of crush, tear and curl variety of black tea. The overall operations of the company are managed by Mr. Anand Bajoria, Mr. Shridhar Issar, Mr. Rajendra Bijoria, Mr. Anil Kumar Agarwal and Mr. Pranab Kumar Mookerjee.

For FY2013-14, HIPCL reported profit after tax (PAT) of Rs.0.14 crore on operating income of Rs.20.14 crore, as compared with PAT of Rs.1.63 crore on operating income of Rs.21.21 crore in FY2012-13. The company's net worth stood at Rs.3.33 crore as on March 31, 2014, as compared with Rs.3.20 crore a year earlier.

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