

Huldibari Industries & Plantation Company Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan	0.49	SMERA B+/Stable (Reaffirmed)
Cash Credit*	6.50	SMERA B+/Stable (Reaffirmed)
Packing Credit*	0.75	SMERA A4 (Reaffirmed)
Letter of Guarantee	0.75	SMERA A4 (Reaffirmed)
Cash Credit (Proposed)	1.20	SMERA B+/Stable (Reaffirmed)

*Interchangeable with Packing Credit & FOUBP up to Rs.0.75 crore.

SMERA has reaffirmed ratings of '**SMERA B+**' (**read as SMERA B plus**) and '**SMERA A4**' (**read as SMERA A four**) to the abovementioned bank facilities of Huldibari Industries & Plantation Company Limited (HIPCL). The outlook is '**Stable**'. The ratings continue to remain constrained by the small-scale of operations in an intensely competitive segment of the tea industry and the 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 the processing of tea. The company has small-scale of operations marked by operating income of Rs.22.87 crore in FY2014-15 (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 the high leverage (debt-equity ratio) of 3.20 times as on March 31, 2015 and moderate interest coverage ratio of 1.76 times in FY2014-15.

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

Outlook- Stable

SMERA believes that HIPCL will maintain a stable outlook over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' if 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 of lower-than-expected revenue and profit margins or deterioration in the company's financial risk profile.

Rating Sensitivity Factors

- Scaling up operations while maintaining margins
- Infusion of equity

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 tea. The overall operations are managed by Mr. Anand Bajoria, Mr. Shridhar Issar, Mr. Rajendra Bijoria and others.

For FY2014-15, HIPCL reported profit after tax (PAT) of Rs.0.38 crore on operating income of Rs.22.87 crore, as compared with PAT of Rs.0.14 crore on operating income of Rs.20.14 crore in

FY2013-14. The company's net worth stood at Rs.3.71 crore as on March 31, 2015, as compared with Rs.3.33 crore a year earlier.

Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
25 June, 2015	Term Loan	0.34	SMERA B+ (Assigned)	-	Stable
	Cash Credit	6.50	SMERA B+ (Assigned)	-	Stable
	Packing Credit	0.75	-	SMERA A4 (Assigned)	-
	Letter of Guarantee	0.75	-	SMERA A4 (Assigned)	-
	Term Loan (Proposed)	0.35	SMERA B+ (Assigned)	-	Stable
	Cash Credit (Proposed)	1.00	SMERA B+ (Assigned)	-	Stable

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ABOUT SMERA

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