

November 30, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	7.00	SMERA BB-/Stable (Assigned)
Term Loan	0.15	SMERA BB-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as SMERA double B minus) to the Rs.7.15 crore bank facilities of SPBP Tea (India) Limited (SPBP Tea). The outlook is '**Stable**'. The rating is supported by the long track record of operations, experienced management and support from its flagship company, Wearit Global Ltd (rated SMERA BB+/Stable/A4+). However, the rating is constrained by the weak financial risk profile marked by low networth and high gearing, small scale of operations and working capital intensive business.

Outlook: Stable

SMERA believes SPBP Tea will maintain a stable business risk profile over the medium term and 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. Conversely, the outlook may be revised to 'Negative' with lower-than-expected revenue and profit margins or further deterioration in the company's financial risk profile.

Rating Sensitivity Factors

- Ability to improve profit margins while sustaining revenue growth
- Efficient working capital management

About the Company

Incorporated in 1981, SPBP Tea, part of the Wearit Group, undertakes processing of crush, tear and curl (CTC) variety of tea in Sonitpur (Assam). The area under cultivation is around 363.45 hectares. The company is promoted by Mr. Manish Kumar.

For FY2014–15, SPBP reported profit after tax (PAT) of Rs.0.04 crore on net sales of Rs.14.96 crore as compared with PAT of Rs.0.20 crore on net sales of Rs.15.70 crore in FY2013-14. The net worth stood at Rs.3.43 crore as on March 31, 2015, as compared with Rs.3.38 crore a year earlier.

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