

## Press Release

23 March, 2017

### Tezalpatty Tea Private Limited

#### Rating Assigned

<b>Total Bank Facilities Rated *</b>	Rs.8.75 Cr.
<b>Long Term Rating</b>	SMERA B+/ Outlook: Stable

# Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 8.75 crore bank facilities of Tezalpatty Tea Private Limited. The outlook is '**Stable**'.

Tezalpatty Tea Private Limited (TTPL) was established in 1994 by Mrs. Rumena Rehman, Mr. Nilufar Rehman and Mr. Atikur Rehman. The company is engaged in the processing of black tea and has an installed capacity of 10 lakh kg per annum. The manufacturing facility is located at Guwahati, Assam. The tea estate is spread across 287 hectares.

#### Key Rating Drivers

##### Strengths

- **Experienced management**

The Directors, Mrs. Rumena Rehman Mr.Nilufar Rehman and Mr. Atikur Rehman have experience of over two decades in the tea processing industry.

- **Above average financial risk profile**

The above average financial risk profile is marked by moderate net worth of Rs. 6.02 cr in FY2016, comfortable gearing of 1.15 times and moderate interest coverage ratio at 1.82 times. The debt service coverage ratio stood at 1.00 times with NCA/TD at 0.10 times in FY2016.

- **Efficient working capital management**

The company has efficient working capital management marked by comfortable gross current asset days of 37 in FY2016, an increase from 18 days last year mainly due to increase in inventory.

##### Weaknesses

- **Small scale of operations**

Despite having commenced operations in 1994, the company's revenue stood at Rs. 6.67 crore in FY2016 against Rs.3.63 crore in FY2015.

- **Volatility in tea prices**

The company is exposed to intense competition in the tea industry as also agro climatic risks.

### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of TTPL.

### Outlook: Stable

SMERA believes that TTPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues while achieving sustained improvement in profit margins and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of failure in achieving the projected revenues or deterioration in the financial risk profile.

### About the Rated Entity - Key Financials

For FY2015-16, TTPL reported profit after tax (PAT) of Rs 0.15 cr on total operating income of Rs.6.67 cr as compared with PAT of Rs.0.42 cr on total operating income of Rs.3.63 cr in FY2014-15.

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.97	SMERA B+ / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.58	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	31-Dec-2020	5.20	SMERA B+ / Stable

**Contacts:**

Analytical	Rating Desk
Vinayak Nayak, Head –Ratings Operations, SMERA Bond Ratings Tel: 022-67141190 Email: <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>  Abhishek Dey Rating Analyst Tel: +91 33 6620 1222 <a href="mailto:abhishek.dey@smera.in">abhishek.dey@smera.in</a>	Varsha Bist, Sr. Executive Tel: 022-67141160 Email: <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details please visit [www.smera.in](http://www.smera.in).

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.