

## Rating Rationale

**Brickwork Ratings assigns ‘BWR BB+’ with a Stable Outlook for long-term Bank Credit Facilities amounting to ₹10.50 Crs of Teamafco Pvt. Ltd.**

Brickwork Ratings has assigned the following **Ratings<sup>1</sup>** to Bank Loan facilities amounting to ₹10.50 Crores of *Teamafco Pvt. Ltd. (TPL or ‘the Company’)*

Facility	Limits (₹Cr)	Tenure	Rating
<b>Fund Based: Cash Credit* Cash Credit (proposed)</b>	<b>4.74 5.76</b>	<b>Long Term</b>	<b>BWR BB+</b> <i>(Pronounced BWR Double B Plus )</i> <b>(Outlook : Stable)</b>
<b>Total</b>	<b>10.50</b>	<b>INR Ten Crores and Fifty Lakhs Only</b>	

*\*Existing bank loan facilities of ₹4.74 Crs have been sanctioned by HDFC Bank*

BWR has relied upon the audited results of the Company for three years up to FY14, projected financials up to FY16, information/clarification provided by the Company and available from public sources.

The ratings assigned to the bank facilities of *Teamafco Pvt. Ltd.* factors primarily the comfortable net worth and gearing level, moderate profitability and debt servicing metrics. The rating also factors experience of the promoters in the line of business, established relationship with its suppliers, and strategic location of the company’s unit. However, the rating is constrained by relatively small scale of operations and high level of competition from other players in the sector.

### Background

*Teamafco Pvt. Ltd* (TPL) was incorporated in 1983, by three directors namely Mr. Sumit Kumar Agarwalla, Mr. Narendra Tibrewal and Mr. J P Choukhay in Dibrugarh, Assam. The Company is engaged in manufacturing and trading of tea. As on 31<sup>st</sup> March 3014, the total installed capacity was of 22 lacs kg per annum and capacity utilization was at 100%.

### Management Profile

The management of TPL is handled by experienced promoters, Mr. Sumit Kumar Agarwalla, (39) Mr. Narendra Tibrewal C.A. (55) and Mr. J P Choukhay (66). Mr. Sumit has around 15

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

years of experience in the same line of activities whereas Mr. Tibrewal and Mr. Choukhmay have more than 03 decades of experience in the tea industry.

### **Business Operations**

TPL is a reputed dealer in the Assam region. TPL purchases green leaves from the nearby gardens for manufacture of tea. It has a tea processing unit with an installed capacity of 22 lakh kgs tea per annum. It markets the packed tea through its established distribution channel. The Company is supplying to various clients like, Assam Tea Company, Hindustan Unilever Ltd, Aarav Trading Company and Satya Narayan Bhawarlal etc.

### **Financial Performance**

For FY14, TPL has achieved a turnover of ₹ 36.40 Crores against ₹ 34.49 Crs registering a marginal growth of 5.53% growth over its previous year FY13. However; PAT was around ₹ 3.02 Crs. Profit margin of the Company was sufficient to cover the interest servicing during FY14 as indicated by the healthy ISCR level. The net worth as on FY14 was ₹ 18.90 Crs. Overall gearing ratio was less than one for last 03 consecutive years. The liquidity profile of TPL was also adequate with current ratio at 1.69 x as on FY14. As on January 31<sup>st</sup> 2015, TPL has achieved turnover of ₹ 30 Crs which is in line with the projected turnover for FY15.

### **Rating Outlook**

The Company's outlook is stable over the current year. The prospects of TPL would depend upon its ability to cope up with the changing market scenario. The ability of TPL to profitably scale up its operations in the light of the competitive nature of the industry, improve the scale of operations retaining the profitability margin and manage the working capital efficiently will be the key rating sensitivities.

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