

Hasimara Industries Limited

Instrument	Existing Amount	Revised Amount	Rating Action
Term Loans	Rs.6.00 crore	Rs.5.67 crore	[ICRA]BB (Stable) outstanding
Cash Credit	Rs.3.00 crore	Rs. 7.50 crore	[ICRA]BB (Stable) outstanding/assigned
Bank Guarantee	Rs. 1.00 crore	Rs. 1.00 crore	[ICRA]A4+ outstanding
Total	Rs. 10.00 crore	Rs. 14.17 crore	

ICRA has assigned the long term rating of Rs. [ICRA]BB (Stable) to the Rs. 7.50 crore¹ (enhanced from Rs. 3.00 crore) cash credit facilities of Hasimara Industries Limited (HIL)². The long term rating of [ICRA]BB (Stable) assigned to the Rs. 5.67 crore (revised from Rs. 6.00 crore) remains outstanding. The short term rating of [ICRA] A4+ (pronounced ICRA A four plus) assigned to the Rs. 1.00 crore bank guarantee also remains outstanding.

The assigned ratings take into account the long experience of the management in the tea industry and HIL's superior quality of tea commanding premium over industry averages. The ratings also factor in the favourable long term outlook for the domestic bulk tea industry.

The rating, however, also takes into consideration the risks associated with tea being an agricultural commodity, dependent on agro- climatic conditions as well as the inherent cyclicity of the fixed cost intensive tea industry that leads to variability in profitability and cash flow margins of bulk tea producers such as HIL. While significant increase in input costs including wage rate hike, have adversely impacted HIL's profitability in the past; any moderation in the bulk tea prices, going forward, is likely to have an adverse impact on the margins of the company. The small scale of the company's current operations coupled with regional concentration of its garden, with a single estate located in West Bengal, further accentuates this risk for the company. Prices of Indian tea in spite of its quality, are to a certain extent linked to international market; export market performance of Indian teas is also critical in sustaining domestic tea prices.

Company Profile

Hasimara Industries Ltd. (HIL) was incorporated in 1904 and has a tea garden in the Alipurduar district of West Bengal, with an area of around 1061.5 acres, of which around 903.57 acres is under tea. The company primarily produces the CTC variety of black tea, which it sells in the domestic market through a mix of auction and private sales, depending upon market conditions.

Recent Results

HIL registered a profit after tax of Rs. 0.35 crore on the back of an operating income of Rs. 29.88 crore during FY2015 as against a profit after tax of Rs. 0.96 crore on an operating income of Rs. 28.09 crore in FY2014.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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