

**Teesta Agro Industries Limited**

July 07, 2021

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	17.50	CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	20.25	CARE A4+; ISSUER NOT COOPERATING* (A Four Plus ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>37.75</b> <b>(Rs. Thirty-Seven Crore and</b> <b>Seventy-Five Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*
*\*Issuer did not cooperate; Based on best available information*
**Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated April 23, 2020, placed the ratings of Teesta Agro Industries Limited (TAIL) under the 'issuer non-cooperating' category as TAIL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. TAIL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated March 09, 2021 and March 29, 2021 among others.

In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

**Detailed description of the key rating drivers**

*At the time of last rating on April 23, 2020, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies, Banker Interaction):*

**Key Rating Weaknesses**

**Small scale of operations:** The total revenue from operations declined by 12% y-o-y to Rs.91.74 crore in FY20 and remained stable at Rs.92.12 crore in FY21 (UA). The Company is relatively small with tangible net-worth at Rs.91.92 crore and total capital employed at Rs.96.11 crore as on March 31, 2020. As on March 31, 2021 (UA), the tangible net-worth and total capital employed stood at Rs.94.98 crore and Rs.102.47 crore respectively.

**Commodity price fluctuation and forex risk:** The key raw material required for the manufacturing of phosphate based fertilizers is rock phosphate and sulphuric acid. India is a net importer of rock phosphate and the prices of rock phosphate and sulphuric acid, which are the major raw materials for Single Super Phosphate (SSP), have been volatile due to linkages with the international market. The company imports a large portion of its raw material requirement, which exposes the company to forex risk.

**Highly regulated nature of industry:** The fertilizer industry in India is highly regulated in nature with intervention of the Central Government in fixation and release of the subsidy amount. Thus, various government policies and subsidy fixation have an impact on the prospects of the industry players.

**Geographical concentration risk:** The operation of the company is concentrated with majority of its revenues derived from the state of West Bengal.

**Working capital intensive nature of operations:** The operations of the company are working capital intensive due to delay in collection of subsidy proceeds from the government, which takes around 5 to 6 months.

### Key Rating Strengths

**Significant experience of promoters in the fertilizer industry:** TAIL was promoted by Mr. Hardev Singh (MD) having around three decades of experience in the fertilizer industry. He is supported by his two sons Mr. Paramdeep Singh and Mr. Inderdeep Singh, both commerce graduates having more than a decade of experience in the fertilizer industry.

**Established brand image with strong marketing & distribution network:** TAIL markets its product under the brand name of “Kanchan”, which is a well-accepted brand in phosphate based fertilizers segment. Furthermore, TAIL has well established marketing network of distributors (mostly in West Bengal) across the country.

**Moderate financial performance in FY20 albeit improvement in FY21 (Unaudited):** TAIL’s total operating income moderated by 12% y-o-y to Rs.91.74 crore in FY20. PBILDT margin deteriorated from 6.33% in FY19 to 5.38% in FY20. Interest coverage ratio also declined from 5.39x in FY19 to 4.15x in FY20. The company reported gross cash accruals of Rs.4.30 crore in FY20 vis-à-vis nil debt repayment.

In FY21 (UA), the total operating income stood stable at Rs.92.12 crore. However, PBILDT margin improved to 6.04% in FY21 (UA). Interest coverage ratio also improved to 12.09x in FY21. The company reported gross cash accruals of Rs.4.95 crore in FY21 vis-à-vis nil debt repayment.

Further as per the Banker interaction, auto deferment of interest on cash credit facility has been granted to the company as per the Covid-19 Regulatory Package announced by the Reserve Bank of India.

**Comfortable capital structure and debt protection metric:** TAIL’s capital structure continued to remain comfortable with overall gearing excluding acceptances at 0.02x as on March 31, 2020 (0.08x as on March 31, 2019). Total debt/GCA excluding acceptances improved from 1.48x as on March 31, 2019 to 0.43x as on March 31, 2020.

The overall gearing and TD/GCA stood at 0.08x and 1.51x respectively as on March 31, 2021 (UA).

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning ‘outlook’ and ‘credit watch’](#)

[CARE’s Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

### About the Company

Teesta Agro Industries Limited (TAIL), promoted by Punjab-based Mr. Hardev Singh, was incorporated as Sunderban Fertilizers Ltd in September 1986. Subsequently, in April 1995, the name of the company was changed to its present name. TAIL is engaged in manufacturing of fertilizers like Single Super Phosphate (SSP), mixture fertilizers of various grades and Granulated Single Super Phosphate (GSSP). TAIL has its manufacturing facility located at Jalpaiguri district, West Bengal with an installed capacity of 1,65,000 MTPA of SSP, 66,000 MTPA of GSSP, 66,000 MTPA of Sulphuric Acid (SA; which is captively used to manufacture SSP) and 33,000 MTPA of mixture fertilizers. The company markets its products under the brand name of “Kanchan” and has presence in eastern and north-eastern states of India with major focus in West Bengal.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)	FY21 (UA)
Total operating income	103.87	91.74	92.12
PBILDT	6.57	4.94	5.56
PAT	2.84	1.93	3.06
Overall gearing excluding acceptances (times)	0.08	0.02	0.08
Interest coverage (times)	5.39	4.15	12.09

A: Audited UA: Unaudited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Complexity level of various instruments rated for this company:** Annexure 3

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	17.50	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	17.50	CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	2.00	CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-Forward Contract	-	-	-	0.75	CARE A4+; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	17.50	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (23-Apr-20)	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (05-Feb-19)
2.	Non-fund-based - ST-Letter of credit	ST	17.50	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (23-Apr-20)	-	1)CARE A4+; ISSUER NOT COOPERATING* (05-Feb-19)
3.	Non-fund-based - ST-Bank Guarantees	ST	2.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (23-Apr-20)	-	1)CARE A4+; ISSUER NOT COOPERATING* (05-Feb-19)
4.	Non-fund-based - ST-Forward Contract	ST	0.75	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (23-Apr-20)	-	1)CARE A4+; ISSUER NOT COOPERATING* (05-Feb-19)

\*Issuer did not cooperate; Based on best available information

**Annexure 3: Complexity level of various instruments rated for this company:**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-Bank Guarantees	Simple
3.	Non-fund-based - ST-Forward Contract	Simple
4.	Non-fund-based - ST-Letter of credit	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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Email ID: [lalit.sikaria@careratings.com](mailto:lalit.sikaria@careratings.com)**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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