

OCTOBER 16, 2014

## CARE ASSIGNS 'CARE A+' RATING TO THE BANK FACILITIES OF DHUNSERI TEA & INDUSTRIES LIMITED

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities (Fund Based)	65.00	<b>CARE A+</b> (Single A Plus)	<b>Assigned</b>

**Rating Rationale**

The aforesaid rating derives strength from the established long track record and relevant experience of the promoters and the management team in the tea sector. The rating also factors in the relatively better operational parameters of the tea business vis-à-vis the industry standards, strong financial risk profile of the company and the favorable domestic demand for tea. However, the rating remains constrained by the susceptibility of the tea business to the vagaries of nature.

The ability of the company to increase its sales while maintaining its profit margins and capital structure will remain the key rating sensitivities.

**Background**

Dhunseri Petrochem & Tea Ltd. (DPTL) has been demerged w.e.f April 1, 2014 and the Tea division has been transferred to Dhunseri Tea & Industries Ltd. (DTIL). DTIL is part of the Kolkata based Dhunseri group belonging to Dhanuka family and is engaged in cultivation, manufacture and sale of tea. It has 10 own tea gardens in Assam, of which 9 have tea manufacturing facilities with an aggregate capacity of 120 lakh kg p.a. It also has 2 tea gardens with manufacturing facilities in Malawi, (through two of its step down subsidiaries) with an aggregate capacity of 100 lakh kg p.a.

DPTL reported a PAT of Rs.74.7 crore on a total operating income of Rs.4,051.6 crore in FY14 as against a PAT of Rs.76.9 crore on a total operating income of Rs.2,417.6 crore in FY13. Whereas, DTIL reported a PAT of Rs.13.3 crore on a total operating income of Rs.169.6 crore in FY14.

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*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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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

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