



Press Release

T and T Fruits
February 27, 2021

Ratings:

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Fund Based Bank Facilities – Cash Credit	9.00	IVR B+/Stable (IVR Single B Plus with Stable Outlook)	Assigned
Long Term Fund Based Bank Facilities – GECL	1.58	IVR B+/Stable (IVR Single B Plus with Stable Outlook)	Assigned
Short Term Bank Facilities – FITL	0.18	IVR A4 (IVR Single A Four)	Assigned
Total	10.76		

Details of Facilities are in Annexure 1

Detailed Rationale:

The aforesaid ratings assigned to the bank facilities of T and T Fruits derives strength from experienced proprietor with long track record of operations, location advantage and Growing scale of Operation; albeit remains modest. The rating however is constrained by proprietorship nature of constitution, modest financial risk profile, presence in highly competitive & fragmented industry and susceptibility to climatic conditions and seasonality.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in the revenue and/or profitability while maintaining the debt protection parameters.

Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters.



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Key Rating Drivers with detailed description

Key Rating Strengths:

Experienced proprietor with long track record of operations:

The proprietor has an experience of more than a decade and has strong understanding of business dynamics. Furthermore, over the years, the firm has established healthy relationships with a supplier which has led to smooth procurement processes.

Location advantage:

The Firm operates from Mega Fruit Market Aglar Shopian, Kashmir. Shopian district in Kashmir is famous for its apples. Also Kashmir is one of the leading producers of quality apples in India.

Growing scale of Operation; albeit remains modest:

The revenue of the firm grew to Rs. 33.65 crore in FY20 at CAGR of 31.35% in the last three years ended FY20. However, the size remains modest. The revenue is further expected to grow in FY21 onwards.

Key Rating Weaknesses:

Proprietorship nature of constitution:

Firm is a proprietorship entity, hence the risks associated with withdrawal of proprietor's capital exist. The entity is exposed to inherent risk of proprietor's capital being withdrawn at the time of personal contingency.

Modest Financial risk profile:

The financial risk profile of the firm is marked by moderate net worth and debt protection metrics. The net worth of the firm stood at Rs.4.08 Cr as on 31 March, 2020 as against Rs.3.43 Cr as on 31 March, 2019. The Overall Gearing ratio stood at 1.74 times as on 31 March, 2020 as against 1.02 times as on 31 March, 2019. The total debt outstanding as on 31 March 2020 has increased to Rs.7.10 Cr compared to Rs.3.49 Cr previous year. Further, the TOL/TNW stood at 1.77 times as on 31 March 2020.

Presence in highly competitive & fragmented industry:



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Firm operates in a highly competitive & fragmented industry with a number of organized & unorganized players engaged in trading of fruits. Moreover, the entity also faces competition from the international players, since the international market is increasingly harvesting the fruits and thereafter processing it, thereby decreasing the reliance of the international market on India for fruits.

Susceptibility to climatic conditions and seasonality:

Firm's revenue depends on apple yield in a particular year, which may be affected by adverse climatic conditions such as ground frost or hailstorm, and by proliferation of pests, disease outbreak, loss of soil fertility, water availability, and natural calamities.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Trading Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity – Adequate

The firm has an adequate liquidity profile with absence of any long-term repayment obligations and major capex plans. Further, the company had cash accruals of around Rs. 0.15 Cr and the average cash credit utilisation was around 62.42% during the last twelve months ended November 2020. The current ratio for FY20 is 1.56 times.

About the Company:

T & T Fruits operates from Mega Fruit Market Aglar Shopian, Kashmir. The firm deals in trading of majorly apples and other fruits like pear, peach, plum, nakh, apricot and cherry that grows in the Himalayan region to various parts of the country and other countries. Apples variety includes Ambri Kashmir, American Trel, Delicious, Red Delicious, Kulu Delicious, Maharaji Apple, Hazaratbali Apple (Benoni), Golden Delicious Apple etc.

Financials: Standalone

(Rs. Crore)



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For the year ended/ As On	31-03-2019	31-03-2020
	(Audited)	(Audited)
Total Operating Income	25.93	33.65
EBITDA	0.30	0.22
PAT	0.10	0.15
Total Debt	3.49	7.10
Tangible Net-worth	3.43	4.08
Ratios		
EBITDA Margin (%)	1.14	0.65
PAT Margin (%)	0.37	0.44
Overall Gearing Ratio (x)	1.02	1.74

Status of non-cooperation with previous CRA: Nil.

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Long Term Fund Based Bank Facilities – Cash Credit	Long Term	9.00	IVR B+/ Stable	--	--	--
2.	Long Term Fund Based Bank Facilities – GECL	Long Term	1.58	IVR A4	--	--	--



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3.	Short Term Bank Facilities – FITL	Short Term	0.18	IVR A4	--	--	--
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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Cash Credit	--	--	--	9.00	IVR B+/Stable
Long Term Fund Based Bank Facilities – GECL	--	--	June 2024	1.58	IVR B+/Stable
Short Term Bank Facilities – FITL	--	--	March 2021	0.18	IVR A4