



## Rating Rationale

Ambootia Tea Exports Private Limited

17<sup>th</sup> August 2017

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 210.50 Crs of Ambootia Tea Exports Private Limited (ATEPL or the ‘Company’).**

### Particulars

Facility Rated	Amount (₹ Crs)	Amount (₹ Crs)	Tenure	Ratings <sup>^</sup>	
	Previous	Present		Previous (12-7-2016)	Present
Fund Based	75.00	210.00	Long Term	BWR BBB- (Outlook:Stable)	Reaffirms BWR BBB- (Outlook:Stable)
Non – Fund Based	15.50	0.50	Short Term	BWR A3	Reaffirms BWR A3
Total	90.50	210.50	(Rupees Two Hundred Ten Crores and Fifty Lakhs Only)		

<sup>^</sup> Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating Reaffirmed at BBB- (Outlook: Stable) / A3

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17 projected financials of FY18 & FY19, publicly available information and information/clarification provided by the Company’s management.

The rating continues to derive strength from the extensive experience of the promoters in the line of business for more than three decades, established relationship with its customers, moderate financial strength and promoters’ ability to infuse capital as when required. However, the rating is constrained by the modest scale of operations, relatively low profitability margin, working capital intensive nature of business and competition from other players. Going forward, the Company’s ability to achieve projected sales turnover, improving gearing ratio and profitability margin, efficiently managing working capital, appropriate hedging policy to mitigate forex will be the key rating sensitivities.



## **Description of Key Rating Drivers**

**Long track record of promoters and The Company:** The promoters have extensive experience in tea plantation and trading of tea for more than three decades. Further to this, the Company has group support and experienced promoters to tackle adverse situations, as also in terms of infusing capital as when required.

**Reputed clientele and healthy order book position:** Being in tea industry for more than three decades, it continues to maintain well known clientele base in international market (Orimi, Carrier Jones, LLC Rayzan etc.) for its own brand “Ambootia” tea products. To meet the healthy orders in hand, the Company has taken necessary steps to supply in next six months.

**General Risks Associated with trading business:** The Company is operating in trading business, being an export and trading nature of business, at any point in time, it need to maintain high inventory to meet the customer requirement. So, over all usage of working capital is high as a result less financial flexibility and low profit margin. However, the promoters have capability to infuse capital as when required.

## **Analytical Approach**

While assigning the ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

## **Rating Outlook: Stable**

BWR believes the Ambootia Tea Exports Private Limited business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

## **About the Company**

Ambootia Tea Exports Private Limited (ATEPL) is a private Limited was incorporated in 2009 by Mr. Sanjay P Bansal and Ms. Reena Bansal. ATEPL is engaged in trading business, majorly tea export (Majorly Orthodox organic tea). The Company is majorly buying Darjeeling orthodox organic tea through tea auctions. The registered office located in Kolkata, West Bengal. During FY17, more than 90 % of revenue was from export. During FY17, the Company has successfully



amalgamated one of the group companies (IDA Organic Private Limited). ATEPL has a reputed client base and has been successful in obtaining repeat orders from its customers.

### Management Profile:

Mr. Sanjay Bansal is the Chairman & Managing Director of the Company and his wife Ms. Reena Bansal, both are directors of the Company and supported by a team of professional. Mr. Bansal has over three decades of experience in tea industry.

### Financial Performance

The Company has recorded operating income of ₹ 343.87 Crs in FY17 against ₹ 267.79 Crores in FY16 registering a 28.41% increase over the previous year due to amalgamation of IDA Organic Private Limited which has increased overall revenue. The Company's tangible net worth at ₹ 61.48 Crs in FY17 from ₹ 39.77 Crs in FY16 and total debt equity stands at 2.89X in FY17.

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl No	Instrument / Facility	Current Rating (2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	12-7-2016	2015	2014
1	Fund Based	Long Term	210.00	BWR BBB- (Outlook:Stable)	BWR BBB- (Outlook:Stable)	-	-
2	Non Fund Based	Short Term	0.50	BWR A3	BWR A3	-	-



**Ambootia Tea Exports Private Limited**  
**Bank & Loan wise break up**

**Annexure I**

	Type of Facilities In ₹ Crs	United Bank of India (24-1-17)	Allahabad Bank (5-4-17)	SBI (Ex- SBH) (27-10-16)	Central Bank of India
Fund Based	Packing Credit	125.00	45.00**	15.00	10.00*
	FBP/FBD/FBN	(15.00)	15.00**	0.00	0.00
	<b>Total (Long)</b>	<b>125.00</b>	<b>60.00</b>	<b>15.00</b>	<b>10.00</b>
Non Fund Based	Bank Guarantee	0.50	0.00	0.00	0.00
Total (Long & short)		125.50	60.00	15.00	10.00

*\*proposed limit & \*\* proposed limit of ₹ 35 Crs and ₹ 10 Crs*

**Ambootia Tea Exports Private Limited**  
**Key Financial Indicators**

**Annexure II**

Particulars	Unit	FY 16 (Audited)	FY 17 (Audited)
Operating Income	Rs. Crs	267.79	343.87
EBIDTA	Rs. Crs	9.96	13.13
PAT	Rs. Crs	1.27	1.42
Tangible Net-worth	Rs. Crs	39.77	61.48
Total Debt/ TNW	Times	2.68	2.89
Current Ratio	Times	1.37	13.7

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Manufacturing Companies](#)
- [Approach to Financial Ratios](#)

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### **Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

### **About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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