

Rating Rationale

Brickwork Ratings assigns 'BWR BBB-' and 'BWR A3' for the Bank Loan Facilities of ₹ 90.50 Cr of Ambootia Tea Exports Private Limited

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan facilities of **₹ 90.50 Crores** of Ambootia Tea Exports Private Limited (**'ATEPL' or 'the Company'**) sanctioned by a consortium by banks (United Bank of India is lead banker).

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based : Packing Credit	50.00	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook:Stable)
Fund Based : Packing Credit Foreign Currency	15.00		
Fund Based: Standby limit under gold card scheme	10.00		
Fund Based : Foreign Bill Purchase	15.00*		
Non Fund Based: Bank Guarantee	0.50	Short Term	BWR A3 (Pronounced as BWR A Three)
Total	90.50**	INR Ninety Crores Fifty Lakhs Only	

* Interchangeability between PC&FBP up to ₹ 15 Cr

** Details about bank & loan wise breakup in Annexure I

BWR has principally relied upon the audited financial results for FY14-FY16 and projections up to FY18 for Ambootia Tea Exports Private Limited, publicly available information and information / clarifications provided by the management.

The rating has factored, inter alia, primarily the extensive experience of the promoters in the line of business for more than three decades, strategic locational advantage of the Tea Estates (Geography Indication of Darjeeling tea), and 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, competition from other players and risks associated with amalgamation of one of associate company.

Background:

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 tea export (Majorly Orthodox organic tea); the Company is exporting to different countries. Currently, the Company is majorly buying Darjeeling orthodox organic tea through tea auctions. The registered office located in Kolkata, West Bengal.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The Company has received Export excellence award for the year 2012-13 and eastern region export excellence awards for the year 2013-14 from federation of India Export Organization, Ministry of Commerce, and Government of India. The Company is exporting high quality tea to USA, Japan, Germany, Netherlands, Italy, Iraq, Iran, Russia, and France etc.

During FY16, the Company has exported more than 99 per cent of tea and out of that more than 90 per cent export revenues are from Germany, Russia, Iran, Japan and remaining from rest of the world. ATEPL has a reputed client base and has been successful in obtaining repeat orders from its customers.

Management Profile:

The ownership stake is concentrated within the family of the promoters. The management is handled by experienced promoters, Mr. Sanjay Bansal and his wife Ms. Reena Bansal, and supported by a team of professional. Mr. Bansal has over three decades of experience dealing in tea. He is also the Chairman & Managing Director of the Company. Currently, he is a member of the Indian Government’s Board of Trade, for recommending Trade Policies of India. Ms. Reena Bansal is actively involved in the business for more than a decade.

Financial Performance:

The Company reported a net revenue increase from ₹ 253.23 Crs in FY’15 to ₹ 261.36 Crs in FY16 resulting in 3.2% increase over the period. ATEPL was showing PAT of ₹ 1.27 Crs in FY16 and debt equity of 2.68 times in FY16.

Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, the Company’s ability to achieve projected sales turnover, improving gearing ratio and profitability margin after merger, efficiently managing working capital, appropriate hedging policy to mitigate forex will be the key rating sensitivities.

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Ambootia Tea Exports Private Limited

Bank & Loan wise break up

Annexure I

	Type of Facilities In ₹Cr	United Bank of India (24-12-14)	SBH (25-2-15)
Fund Based	Packing Credit	50.00	0.00
	Packing Credit Foreign Currency	0.00	15.00
	Standby limit under gold card scheme	10.00	0.00
	Foreign Bill Purchase	15.00	0.00
	Total (Long)	75.00	15.00
Non Fund Based	Bank Guarantee	0.50	0.00
Total (Long & short)		75.50	15.00

PC&PCFC are running account

Since FBP is fully interchangeable with PC, long term rating has been assigned for FBP also