



Press Release
ASIAN TEA COMPANY PRIVATE LIMITED
July 03, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	83.00	ACUITE BB+ Stable Reaffirmed	-
Bank Loan Ratings	22.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	105.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BB+ (read as ACUITE double B plus)**' and short-term rating of '**ACUITE A4+ (read as ACUITE A four plus)**' on the Rs.105.00 Cr. bank facilities of Asian Tea Company Private Limited(ATCPL). The outlook is '**Stable**'.

Rationale for rating

The rating reaffirmation factors in the steady scale of operations despite volatility in the past due to global demand and supply fluctuations for tea. The company has achieved revenues of Rs.281.12 Cr. in FY25 as compared to Rs.247.90 Cr. in FY24 but the operating margins have declined due to lower realisations. Additionally, factors such as global demand for tea and removal of interest subvention cost has affected the performance of the company in FY25. The operating margin of the company reduced to 3.76% in FY2025 from 5.08 % in FY2024. Furthermore, the liquidity has stretched, as reflected in the improved but elongated working capital cycle of the Company with GCA of 164 days in FY2025 against 201 days in FY2024 mainly due to stretches in receivable cycle wherein payments have stretched from overseas customers. Furthermore, the accruals in FY2025 were insufficient to meet the repayment of term loans during the year with Debt Service Coverage Ratio (DSCR) below unity. The repayments were met out of GST refund. Nonetheless, ATCPL has a healthy unexecuted order book position of about Rs.136 Cr. as on May 2025 which will be executed in 6-7 months, thus providing revenue visibility over the near term.

The rating further factors in the steady business position of the company as reflected from its current order book position buoyed by repeat orders from its global clientele. The ratings also factors in the established track record of the promoters. However, these strengths are partially offset by intensive working capital operations, average financial risk profile and the volatility in tea prices and agro climatic conditions.

About the Company

Incorporated in 2011, Asian Tea Company Private Limited (ATCPL) is headed by Mr.Sunil Garg & Mr. Mohit Agarwal. The promoter and directors of the company have vast experience in tea export business. The company is based out of Kolkata and is engaged in exporting of premium tea. It has company offices in Coimbatore (India), Colombo (Sri Lanka), Fuzhou (China), Gurúè (Mozambique) and Mombasa (Kenya). ATCPL exports tea to countries like Kazakhstan, Russia, UAE, China, Iran, Saudi Arabia and Germany.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of ATCPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established relationship with customers

Established in 2011, the company has been operational for a decade. The key promoters, Mr. Sunil Garg & Mr. Mohit Agarwal have more than 2 decades of experience in the business. The long standing experience of the promoters and long track record of operations has helped them to establish comfortable relationships with key suppliers and reputed customers across the continents. Acuité derives comfort from the long experience of the management and believes this will benefit the company going forward, resulting in steady growth in the scale of operations.

Repeat orders from overseas client

Acuité draws comfort from the company's diversified geographical presence with exports to countries such as Kazakhstan, Russia, UAE, China, Saudi Arabia and so on. It has a global presence in five to six nations. Having been in business for almost a decade ensures a positive relationship with consumers. Tealand Branch of RG Brand (Kazakhstan) and Fuzhou Lianshengfeng International Trade Co. Ltd (China) are two of the company's most important clients accounting for ~62 per cent of its revenues. However, the company enjoys an established relationship with these customers, which have been awarding it with repeat businesses. As on May 2025, the unexecuted order book stood at ~Rs.136 Cr. which is to be executed in the near term thus providing revenue visibility.

Weaknesses

Decline in operating performance year on year basis

ATCPL has been facing decline in topline majorly due to lower demand of products globally, which the company tried to mitigate by selling at lower prices. This impacted their topline, where volumes sold were higher but realisation lower in FY25 despite rise in revenue. Impending geopolitical tensions affecting supply chains – majorly Red Sea – may affect the operations of the company and will remain a key monitorable. Additionally, ATCPL benefitted from the interest subvention provided by the government, which has extinguished since December 2024.

Average Financial Risk Profile

The tangible net worth of the company stood at Rs.46.17 Cr. as on March 31, 2025, as compared to Rs.43.86 Cr. as on March 31, 2024, due to accretion to reserves. The gearing of the company stood at 1.73 times as on 31 March 2025 having reduced slightly from FY24 levels owing to reduction in long term debt. Further, the Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.08 times as on March 31, 2025 as compared to 2.41 times as on March 31, 2024. The debt protection metrics of the company remain weak marked by Interest coverage ratio (ICR) of 1.5 times and debt service coverage ratio (DSCR) of 0.89 times for FY2025. The net cash accruals to total debt (NCA/TD) stood healthy at 0.04 times in FY2025. DSCR has gone below unity due to lower cash accruals, however repayment obligations were met out of GST refund worth ~Rs.3-4 Cr. Acuite believes that the financial risk profile is likely to improve at the back of improving business dynamics and absence of debt funded capex plans.

Working Capital Management: Intensive

The working capital management of the company is intensive marked by Gross Current Assets (GCA) of 164 days for FY2025 as compared to 201 days for FY2024. Higher GCA days are due to higher receivables and inventory holding for tea exports which usually range for 2-3 months. The inventory days of the company stood at 22 days in FY2025 as compared to 20 days in FY2024. The debtor days stood at 117 days in FY2025 against 129 days in FY2024. Although most payments are realised within 90 days, debtor's days are high owing to geopolitical tensions in few countries where products are exported to. Payments are received using Telegraphic Transfer / Cash Against Document / LC at sight which varies depending upon customer. Days payable outstanding stood at 21 days against 25 days in FY2025. Acuite believes that the working capital management of the company will likely remain similar over the medium term owing to long receivable days arising from geopolitical tensions in export countries, as well as inventory holding policy due to nature of the industry.

Rating Sensitivities

- Scale of operations and profitability margin
- Working capital cycle

Liquidity Position

Stretched

The company has stretched liquidity marked by net cash accruals of Rs. 2.86 Cr. as on March 31, 2025 as against Rs. 4.18 Cr. long term debt obligations over the same period. The debt obligations were met out of GST refunds received by the company to the tune of Rs.3-4 Cr. The current ratio of the company stood at 1.34 times in FY2025. The cash and bank balance stood at Rs.0.63 Cr. for FY2025 as compared to Rs.5.54 Cr. in FY24. The net cash accruals stood at Rs.2.86 Cr. in FY25 as compared to Rs.3.89 Cr. in FY24. The bank limit utilisation of fund based limits stood at ~93% for 5 months ended May 2025. Acuité believes that the liquidity of the company is likely to be enhanced over the medium term on account of expected improvement of business conditions leading to increase in cash accruals against long debt repayments over the medium term.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	281.12	247.90
PAT	Rs. Cr.	2.36	3.27
PAT Margin	(%)	0.84	1.32
Total Debt/Tangible Net Worth	Times	1.73	1.90
PBDIT/Interest	Times	1.50	1.65

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Apr 2024	Bills Discounting	Short Term	28.00	ACUITE A4+ (Downgraded from ACUITE A3)
	PC/PCFC	Long Term	27.00	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	PC/PCFC	Long Term	25.00	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Covid Emergency Line.	Long Term	5.25	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	7.56	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	1.28	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	2.41	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Stand By Gold Card	Long Term	5.00	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Covid Emergency Line.	Long Term	3.50	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
25 Jan 2023	Bills Discounting	Short Term	28.00	ACUITE A3 (Reaffirmed)
	PC/PCFC	Long Term	27.00	ACUITE BBB- Stable (Reaffirmed)
	PC/PCFC	Long Term	11.25	ACUITE BBB- Stable (Reaffirmed)
	PC/PCFC	Long Term	13.75	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	8.75	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	5.13	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	11.12	ACUITE BBB- Stable (Assigned)
30 Dec 2022	Bills Discounting	Short Term	28.00	ACUITE A3 (Reaffirmed)
	PC/PCFC	Long Term	27.00	ACUITE BBB- Stable (Reaffirmed)
	PC/PCFC	Long Term	11.25	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	8.75	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	ACUITE A4+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2026	1.40	Simple	ACUITE BB+ Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	23.00	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.69	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Stand By Gold Card	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Mar 2028	1.91	Simple	ACUITE BB+ Stable Reaffirmed

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Dibyendu Roy Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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