

Shri Vasuprada Plantations Limited (Revised)

August 31, 2023

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Revised to CARE C; Stable from CARE BB+; Stable and Withdrawn
Short Term Bank Facilities	-	-	Revised to CARE A4 from CARE A4+ and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited has revised the ratings assigned to the bank facilities of Shri Vasuprada Plantations Limited (SVPL) from CARE BB+, Stable/CARE A4+ to 'CARE C; Stable/CARE A4' on account of default in repayment of loan and interest on facilities (not rated by CARE) as mentioned in the auditor report of FY23 and withdrawn the ratings with immediate effect. The above action has been taken at the request of SVPL and 'No Objection Certificate' received from Yes Bank and HDFC Bank as well as 'No Dues Certificate' received from ICICI Bank that have extended the facilities rated by CARE Ratings Limited.

Analytical Approach: Consolidated

While arriving at the rating, consolidated financial statement of SVPL has been considered which includes two subsidiaries, namely, Keshava Plantation Pvt Ltd (KPPL) and Pranav Infradev Company Pvt Ltd and its associate the Cochin Malabar Estates and Industries Ltd. While KPPL is engaged in manufacturing of Tea, other subsidiary does not have much of operations and have mostly real estate investments. Cochin Malabar Estates and Industries Ltd is also not operational. SVPL and its subsidiaries and associates have a common management and financial linkage.

Detailed description of the key rating drivers

Key rating weaknesses

Delay in repayment of bank facilities (not rated by CARE) as per audit report of FY23.

The auditor has mentioned in the standalone audit report of SVPL for FY23 that the company has defaulted in repayment of loan and interest thereon in few cases wherein the amount is immaterial. However, the lenders of all bank facilities rated by CARE have confirmed on interaction that there were no instances of delays/default in repayment of the bank facilities.

Small scale of operations

The scale of operations of the company marked total operating income stood at Rs 113.93 crore in FY23 (Rs 122.31 crore in FY22) and continued to remain small. The small size restricts the financial flexibility of the company in times of stress and deprives it from the economies of scale.

Fragmented and competitive nature of industry

While the tea industry is an organized agro industry, it is highly fragmented in India with presence of many small, mid-sized and large players. There are about 1000 of tea brands in India, of which 90% of the brands are represented by regional players while the balance 10% are dominated by big corporate houses. This, coupled with the growing shift from loose to branded tea among consumers, would further intensify the competition for SVPL.

Agro climatic risk

Majority of tea estates are located in Assam, which has witnessed erratic weather conditions in the past like droughts, pest attacks, heavy rainfall, delay in monsoon, floods and waterlogging etc. Such extreme weather fluctuations both in terms of temperature and rainfall impacts the growth of tea leaves. Accordingly, SVPL's profitability is highly susceptible to vagaries of nature.

Volatility associated with tea prices

The prices of tea are linked to the auctioned prices, which in turn, are linked to prices of tea in the international market. Hence, significant adverse price movement in the international tea market will affect SVPL profitability margins. Further, tea prices fluctuate widely with demand-supply imbalances arising out of both domestic and international scenarios.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Labor intensive nature of industry

The nature of the tea industry makes it highly labour intensive, entailing around 50%-60% of cost of sales by way of salaries & wages and various employee welfare facilities. Any significant increase in wages with no corresponding increase in tea price realization and output may negatively impact the profitability margin in the future.

Key rating strengths

Long experience of the promoters in the tea industry

SVPL is promoted by the Bangur family of Kolkata who acquired the company in 1954. The affairs of the company are looked after by Mr. Hemant Bangur who has an experience of around two decades in the tea industry. Apart, from tea, rubber and coffee; the group also has presence in jute industry through its flagship company viz Gloster Limited.

Regular support from promoter group

SVPL has been reporting cash losses during the last five years. However, despite such losses, it has been able to timely service its debt servicing obligation by infusion of fund from its group companies of Rs 29.33 cr. in FY22 (12.50 cr in FY21). The promoters have demonstrated regular support in the past as well by way of infusion of funds through transfer of stake in group entities held by SVPL to other group entities.

Geographic and product diversification coupled with favourable location of tea gardens.

SVPL has presence in East and South India as it has its estates situated in Assam, Karnataka and Kerala. Since SVPL is exposed to agro climatic risk, geographic diversification helps the company to mitigate the risk associated with any vagaries of nature or any epidemic which might impact any particular region. Further, the product profile of the company is moderately diversified as SVPL is involved in the business of tea, coffee and rubber. Majority of the tea gardens of the company are located in Upper Assam which is well-known for its superior quality of tea due to its favorable climatic conditions and better soil structure thereby commanding a premium over industry average levels.

Decline in scale of operations along with losses incurred in FY23.

The scale of operations marked by total operating income has moderated slightly to Rs 113.93 crore in FY23 vis-à-vis Rs 122.31 crore in FY22. The company reported loss of Rs 7.21 crore at the PBILDT level in FY23 as against profit of Rs 2.26 crore.

Satisfactory capital structure

The capital structure of SVPL is satisfactory with overall gearing of 0.70x as on March 2023 vis-à-vis 0.69x as on March 2022. However, TD/GCA has deteriorated significantly to -18.30x in FY23 (-9.65x in FY22).

Liquidity: Not Applicable

Environment, social, and governance (ESG) risks- Not Applicable

Applicable Criteria

[Policy on Withdrawal of ratings](#)

[Criteria on Outlook and Credit Watch](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology – Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Methodology: Consolidation](#)

[Factoring linkages Parent Sub JV Group](#)

About the company and industry

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Beverages	Other Beverages

The Joonktollee Tea Co. Ltd. was promoted by John Elliot Esq. in August, 1874 to manage the affairs of a small Tea Estate in Upper Assam. Later in 1920's the John Elliot Esq. handed over the management and control to the managing agency of Kettlewell Bullen & Co. Ltd. Subsequently, in the year 1954, Bangur family acquired the managing agency and the company and since then the company has been under the management of Gopal Das Bangur group. The name of the Company was changed to

"Joonktolee Tea & Industries Limited" (JTIL). The name of the company was changed to its present one w.e.f Dec 20, 2022. The group is primarily into jute, tea, coffee, rubber, and paper businesses. Gloster Limited, the flagship company of the group is engaged in jute business.

Brief Financials (Rs. crore)- Consolidated	31-03-2022 (A)	31-03-2023 (A)	Q1FY24 (UA)
Total operating income	122.31	113.93	27.58
PBILD	2.26	-7.21	-3.70
PAT	-14.82	-10.78	-6.44
Overall gearing (times)	0.69	0.70	NA
Interest coverage (times)	0.21	NM	NM

A: Audited, UA: Unaudited, NA: Not Available, NM: Not Meaningful, Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instrument/facility: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	Sep'22	0.00	Withdrawn
Fund-based - ST-Working Capital Demand loan	-	-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB+; Stable (22-Jun-22)	1)CARE BB+; Stable (29-Jul-21)	1)CARE BB+; Stable (31-Aug-20)
2	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BB+; Stable	1)CARE BB+; Stable	1)CARE BB+; Stable

						(22-Jun-22)	(29-Jul-21)	(31-Aug-20)
3	Fund-based - ST-Working Capital Demand loan	ST	-	-	-	1)CARE A4+ (22-Jun-22)	1)CARE A4+ (29-Jul-21)	1)CARE A4+ (31-Aug-20)

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities- Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Working Capital Demand loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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