

Paramount Tea Marketing Private Limited

February 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	20.00	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Paramount Tea Marketing Private Limited (PTMPL) is constrained by moderate scale of operations, concentrated exposure to single commodity, and leveraged capital structure and weak debt coverage indicators with low net worth base. The rating, however, derives strength from extensive experience of promoters in the industry, diversified clientele and low risk associated with tea broking as it is regulated by Tea Board of India.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Strengthening market position leading to improvement in total operating income (TOI) above ₹25 crore on a sustained basis
- Improvement in the capital structure marked by overall gearing below 2x

Negative factors

- Deterioration in the capital structure marked by overall gearing above 4x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the company is expected to sustain its operational performance in the medium term aided by the experienced promoters in the tea broking business.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations:

The scale of operation of the company is relatively moderate in the range of ₹10-20 crore as the company is engaged in providing marketing services for tea for which it receives brokerage of around 1% of value of tea sold. PTMPL recorded a TOI of ₹10.38 crore in FY24 (refers to April 01 to March 31) which slightly moderated from ₹10.94 crore in FY23 on account of decline in auctioned value. The company derives major portion (75-80%) of the total income from marketing of tea through auction sales and private sales. The company also lends advances to tea producers as bridge finance to buy green leaf on a day-to-day basis. The company secures these advances against the tea produced by the small producers and earns interest income from the advances. Following a decline in auction volumes over the past two financial years, a recovery in tea prices in FY25 enabled the company to achieve a total income of ₹7.78 crore in 8mFY25 (refers to April 01 to November 30).

Leveraged capital structure and weak debt coverage indicators:

The company's capital structure remained leveraged, with an overall gearing ratio of 3.24x as of March 31, 2024, compared to 3.34x as of March 31, 2023, indicating a high reliance on external debt. The debt profile is predominantly composed of working capital debt. The total outside liabilities to net worth ratio was high at 3.91x as of March 31, 2024, up from 3.77x as of March 31, 2023. Debt coverage indicators were weak, owing to low absolute profitability against high interest costs as well as high overall debt, as marked by below unity PBILDT interest coverage ratio of 0.92x in FY24, down from 1.51x in FY23. However interest coverage improved to 1.54x in 8mFY25.

Concentrated exposure to single commodity:

PTMPL's business is entirely reliant on a single agro-commodity—tea—making its performance closely tied to the cyclical nature of the bulk tea industry and vulnerable to agro-climatic risks. As part of its tea broking operations, the company provides substantial trade advances to tea producers, which fluctuate with the tea production cycle. This leads to high working capital requirements during the peak auction season.

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

Key strengths

Extensive experience of promoters in the industry:

PTMPL has been engaged in the tea-broking business since 1987. The company is led by Chairman & Director Mr. P.R. Ninan, who brings nearly five decades of expertise in tea planting, manufacturing, tasting, and auctioning. Its operations and administration are managed by a team of experienced professionals, including Managing Director, Mr. M.C. Karumbaiah, who has 27 years of experience and oversees marketing activities. Additionally, Director Mr. Kalyan Phukan, with 49 years of experience in tea manufacturing and plantation in Assam and Cachar, previously served as the Chairman of the Indian Tea Association (Assam Branch).

Diversified client base:

With over three decades of operations, PTMPL has built strong, long-term relationships with both tea sellers and buyers. The company serves a diverse clientele of over 250 tea producers, offering more than 329 varieties of tea. In FY24, the top five seller clients accounted for 6.57% of the total brokerage income, compared to 6.68% in FY23.

Low risk associated with tea broking as it is highly regulated by Tea Board:

The tea auction process in India is regulated by the Tea Board of India, which oversees the auction mechanism, movement of tea, and sale proceeds, thereby minimizing risks for tea brokers. Additionally, each auction centre has a Tea Trade Association comprising registered tea producers, buyers, auctioneers, and warehousers. Tea broking operates under a low-risk business model due to these regulatory safeguards acting as entry barriers. As per Tea Board regulations, buyers must complete payments within 14 days of the auction, ensuring a stable working capital cycle. The presence of an escrow mechanism and back-to-back sales further mitigates counterparty risk.

Liquidity: Stretched

The liquidity profile of the company is stretched, characterized by tightly matched accruals of ₹0.22 crore in FY24 (PY: ₹1.22 crore) to meet the debt repayment obligations. The company sold investment of ₹2 crore in liquid mutual funds at a profit of ₹0.30 crore to improve the liquidity of the company. The company is sanctioned with a working capital limit of ₹15 crore and the average utilisation for the last 12 months ended December 2024 stood at 78%. The current ratio of the company stood at 1.04x (PY: 1.09x) as on March 31, 2024.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Agricultural food & other products	Tea & coffee

Paramount Tea Marketing Private Limited (PTMPL), a part of the Paramount Group, was established on May 15, 1987, by the late Mr. Vijay Dudeja. After his passing, Mr. Philip Rajit Ninan acquired the company's shares. Licensed by the Tea Board of India, PTMPL facilitates tea auctions and operates as an auctioneer in North India, in the cities of Siliguri, Kolkata, and Guwahati. The company is currently led by Mr. P.R. Ninan, Mr. M.C. Karumbaiah, Mr. Kalyan Phukan, and Mr. D. Haraprasad.

Brief financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	November 30, 2024 (UA)
Total operating income	10.94	10.38	7.78
PBILDT	3.99	3.46	3.55
PAT	1.06	0.03	0.79
Overall gearing (times)	3.34	3.24	2.26
Interest coverage (times)	1.51	0.92	1.53

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT-Cash credit		-	-	-	17.64	CARE BB; Stable
Fund-based - LT-Term loan		-	-	November 2027	2.36	CARE BB; Stable

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Term loan	LT	2.36	CARE BB; Stable				
2	Fund-based - LT-Cash credit	LT	17.64	CARE BB; Stable				

LT: Long term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash credit	Simple
2	Fund-based - LT-Term loan	Simple

Annexure-5: Lender details

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

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

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About us:

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