

B & A Limited

December 08, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	77.36 (Enhanced from 76.00)	CARE BBB; Stable	Downgraded from CARE BBB+; Stable

Details of facilities in Annexure-1.

Rationale and key rating drivers

The revision in rating assigned to the bank facilities of B & A Limited (B&A) takes into account the moderation in financial performance of the company marked by deteriorating profitability margins in FY25 (FY refers to April 01 to March 31) with company incurring cash loss along with increase in total debt leading to moderation in capital structure and debt protection metrics.

The rating, however, continues to derive strength from the company's long and established track record of operations and the superior quality of tea commanding a premium over industry average levels.

The rating is constrained by the company's small size of operations, moderate exposure to group companies, labour-intensive nature of the business, and susceptibility to agro-climatic risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in the scale of operations and improvement in operating margin beyond 10%.
- Significant improvement in liquidity profile.
- Improvement in debt coverage indicators with TDGCA going below 4x on a sustained basis.

Negative factors

- Deterioration in total operating income below ₹120 crore and operating margin below 7% on a sustained basis.
- Deterioration in capital structure with increase in overall gearing ratio beyond 0.80x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the entity is likely to benefit from its superior quality of tea commanding a premium over industry average levels while maintaining its satisfactory financial risk profile over the medium term.

Detailed description of key rating drivers:

Key strengths

Long and established track record of operations

B&A has been engaged in the cultivation and sale of tea since 1915. The company was acquired by Late H.P. Barooah in 1950. Currently, Somnath Chatterjee manages the day-to-day operations with a team of experienced professionals. He has been associated with the company for more than three decades.

Superior quality of tea commanding a premium over industry average levels

The company produces superior quality tea, which commands a premium over industry average levels. Its nine tea gardens are in Upper Assam, known for superior quality tea due to favourable climatic conditions and better soil structure. The management regularly undertakes replantation activities to keep the age of tea bushes under check. These factors enable the company to produce good quality tea sold at a premium. Accordingly, the average realisation of tea manufactured by the company is higher than the average realisation in tea auctions.

Key weaknesses

Small size of operations

B&A's market share remains small compared to the total size of the Indian tea industry. In FY25, B&A produced 3.78 million kg of tea, accounting for only 0.35% of North India's production of 1,090.31 million kg (source: Tea Board of India). The company operates at a moderate capacity utilisation of ~39% in FY25, and its small scale of operations significantly restricts its financial flexibility in times of stress.

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

Moderation in profitability margins in FY25 with improvement witnessed in H1FY26

The total revenue from operations declined by ~17% to ₹134 crore in FY25 compared to ₹162 crore in FY24. The moderation was due to early closure of gardens mandated by the Tea Board of India and quality restrictions on bought leaves, resulting in ~27% decline in production to ~3.78 million kg in FY25 against 5.20 million kg in FY24. Although the average realization rose from ₹313/kg in FY24 to ₹372/kg in FY25, the benefit was insufficient to offset the impact of lower production. Lower production and higher cost of sales, mainly due to increased employee expenses, led to operating loss with Profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin at -3.94% in FY25 against 0.77% in FY24.

In FY25, mandated by the government, the company wrote back a provision for gratuity amounting to ₹11.05 crore. This adjustment resulted in a positive PAT of ₹1.97 crore, compared to ₹3.05 crore in FY24. However, after adjusting this write-back, the company incurred cash loss of ₹3.60 crore against debt repayment obligation of ₹1.37 crore in FY25. The cash loss and the repayment obligation were met out of increased working capital limit utilisation.

In H1FY26, total operating income (TOI) grew by ~7% year-on-year, primarily driven by higher quantity sold, though partially offset by ~20% decline in realisation. PBILDT margin improved to 26.99% in H1FY26 against 24.37% in H1FY25 backed by increased volume. PAT margin also improved to 23.32% in H1FY26 against 19.78% in H1FY25.

Moderation in capital structure and debt protection metrics in FY25

The capital structure of the company, though moderated in FY25, remained satisfactory. The overall gearing ratio stood at 0.77x as on March 31, 2025, against 0.57x as on March 31, 2024. It stood at 0.76x as on September 30, 2025. The moderation was due to an increase in term loan and working capital borrowings. The company availed term loan to fund its acquisition of a new tea garden.

As the company incurred cash loss in FY25, total debt to gross cash accrual (TD/GCA) was not meaningful for the year. However, it improved to 1.90x as on September 30, 2025. Going forward, TD/GCA is expected to moderate compared to September 30, 2025, levels but improve over the years. PBILDT interest coverage ratio moderated in FY25 to -0.91x but improved to 6.59x in H1FY26 against 6.18x in H1FY25. Going forward, with anticipated improvement in financial performance and reduction in total debt, the capital structure and debt protection metrics are expected to strengthen.

Moderate exposure to group companies

The company has moderate exposure to group companies through strategic equity investments, loans and advances. The exposure to group companies stood at ₹15.71 crore as on March 31, 2025, accounting for 18.53% of net worth, against ₹14.79 crore as on March 31, 2024, accounting for 17.91% of net worth. After adjusting this exposure, adjusted overall gearing stood at 0.88x as on March 31, 2025, against 0.65x as on March 31, 2024.

Labour intensive nature of business

The nature of the tea industry is highly labour intensive, entailing ~60% of total cost of sales in FY25 (47% in FY24) through salaries and wages and various employee welfare facilities. The significant increase in employee expenses in FY25 was due to higher labour charges paid for the newly acquired Moheema Tea Estate, while overall cost of sales declined due to lower volume produced. B&A employs ~3,500 labourers and hires additional labourers on a contract basis during peak season. The wages have been revised regularly, increasing from ₹167/day in FY18 to ₹250/day in FY24 following the wage rate revision from October 01, 2023. Any further increase in wages without a corresponding increase in tea price realisation may adversely impact the profitability margin going forward.

Agro-climatic risks

The profitability and cash flows of B&A are volatile due to risks from agro-climatic conditions. Its tea gardens are concentrated in Assam, exposing production to agro-climatic and geographical concentration risks in the region. Uneven distribution of rainfall and extreme temperature changes can impact the quality and production of tea.

Liquidity: Adequate

The liquidity profile of the company is adequate, marked by satisfactory average working capital limit utilisation of ~79% in the last 12-month period ended September 2025. Though the company incurred cash loss of ₹3.60 crore against debt repayment obligation of ₹1.37 crore in FY25, these were met through increased working capital limit utilisation. In FY26, the company has a debt repayment obligation of ₹1.30 crore, against which it is expected to generate sufficient cash accruals. Further comfort is derived from cash and liquid investments amounting to ₹21.81 crore as on March 31, 2025.

Applicable criteria

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)

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

B&A Limited, incorporated in June 1915, was acquired by Late H.P. Barooah in 1950. B&A currently owns nine tea estates in Upper Assam (four in Golaghat, two each in Sibsagar and Jorhat districts, and one in Sangsua district) covering a total area of 2,194.12 hectares.

The company also operates five tea processing facilities (Gatoonga, Sangsua, Mokrung, Salkathooni, and Moheema) in Assam with a total installed capacity of one crore kg of tea annually. The company primarily produces Crush, Tear and Curl (CTC) tea, which it sells in the domestic market through a mix of auctions and private sales.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	162.02	134.31	83.29
PBILDT	1.25	-5.29	22.48
PAT	3.05	1.97	19.42
Overall gearing (times)	0.56	0.77	0.76
Interest coverage (times)	0.33	-0.91	6.59

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	39.13	CARE BBB; Stable
Fund-based - LT-Cash Credit		-	-	-	16.87	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	June 2033	21.36	CARE BBB; 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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	39.13	CARE BBB; Stable	-	1)CARE BBB+; Stable (05-Dec-24) 2)CARE BBB+ (RWD) (04-Apr-24)	1)CARE BBB+ (RWD) (06-Feb-24) 2)CARE BBB+; Stable (05-Dec-23)	1)CARE BBB+; Stable (07-Nov-22)
2	Fund-based - LT-Cash Credit	LT	16.87	CARE BBB; Stable	-	1)CARE BBB+; Stable (05-Dec-24) 2)CARE BBB+ (RWD) (04-Apr-24)	1)CARE BBB+ (RWD) (06-Feb-24) 2)CARE BBB+; Stable (05-Dec-23)	1)CARE BBB+; Stable (07-Nov-22)
3	Fund-based - LT-Term Loan	LT	21.36	CARE BBB; Stable	-	1)CARE BBB+; Stable (05-Dec-24) 2)CARE BBB+ (RWD) (04-Apr-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short 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 detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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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