



## Mohani Tea Leaves Private Limited

	Amount	Rating Action
	In Rs. Crore	March 2015
Long Term Fund based bank facilities	35.00	[ICRA]A-(Stable), Assigned
Short Term Non-Fund based bank facilities	5.00	[ICRA]A2+, Assigned

ICRA has assigned its long-term rating of [ICRA]A- (pronounced ICRA A minus) to the Rs. 35 crore\* fund based bank facilities of Mohani Tea Leaves Private Ltd (MTPL). ICRA has also assigned its short term rating of [ICRA]A2+ (pronounced ICRA A two plus) to the Rs 5 crore non fund based bank facilities of MTPL. The outlook to the long term rating is 'Stable'.

ICRA's ratings factor in MTPL's established presence in the North Indian tea market, in the economy as well as semi-premium segments, through its *Mohani Tea* brand, its strong distribution network in the states of Uttar Pradesh (UP), Madhya Pradesh (MP), Punjab, Jammu and Kashmir (J&K), Bihar and Jharkhand, as well as its tie up with modern trade for sale of its own as well as private label brands, and its position as a major supplier to various government organizations. Leveraging on its brand and its distribution network, the company has registered a compound annual growth rate (CAGR) of 16% in its operating income over the last four years. The company also has a comfortable financial profile with a lightly leveraged capital structure and strong debt protection indicators, despite low operating margins. The ratings, however, also factor in the risks associated with tea being an agricultural commodity and the vulnerability of MTPL's profitability to raw material (CTC Tea) price fluctuations. The ratings also factor in MTPL's dependence on external purchases of tea, thereby exposing the company to risks associated with the timely availability and quality of tea.

Going forward, the ability of the company to maintain its margins and capital structure while sustaining its revenue growth shall be the key rating sensitivities.

### Company Profile

Established in 1992, MTPL is engaged in procurement, blending, packaging and marketing of CTC Black tea and other specialty varieties under its own umbrella brand, *Mohani Tea*. The company is present in the North Indian markets including UP, Uttaranchal, Bihar, MP, Delhi, Punjab and J&K. The company is primarily present in the economy and mid segments, through its flagship brand *Mohani Good Time* which accounts for ~80% of the overall revenues. The company is also into the premium segment through its *Mohani Gold* brand and other specialty varieties.

### Recent Results

MTPL reported a net profit of Rs 6.76 crore on an operating income of Rs 260.65 crore in FY 2013-14, as against a net profit of Rs 4.08 crore on an operating income of Rs 212.13 crore in the previous year. The company has reported, on a provisional basis, a net profit of Rs 7.18 crore in 2014-15 on an operating income of Rs 280.05 crore.

**March 2015**

*For further details please contact:*

Analyst Contacts:

**Mr. Sabyasachi Majumdar** (Tel. No. +91 124 4545304)  
sabyasachi@icraindia.com

Relationship Contacts:

**Mr. Vivek Mathur** (Tel. No. +91-124-4545310)  
vivek@icraindia.com

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\* 100 lakh = 1 crore = 10 million



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: **9871221122**

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: **9821086490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

1802, 18th Floor, Tower 3,  
Indiabulls Finance Centre,  
Senapati Bapat Marg,  
Elphinstone, Mumbai 400013,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-  
79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills  
Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500