

July 22, 2022

Rossell India Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based Limits – Term Loan	45.00	45.00	[ICRA]A- (Stable); Withdrawn
Fund-based Limits – Working Capital Facilities	181.79	181.79	[ICRA]A- (Stable); Withdrawn
Non-fund based Limits – Bank Guarantee/ Letter of Credit	4.00	4.00	[ICRA]A2+; Withdrawn
Total	230.79	230.79	

* Instrument details are provided in Annexure-1

Rationale

The long-term and short-term ratings assigned to the bank facilities of Rossell India Limited has been withdrawn at the request of the company and based on the no objection certificate received from the banker, and in accordance with ICRA's policy on withdrawal and suspension. However, ICRA does not have information to suggest that the credit risk has changed since the time the ratings were last reviewed.

The Key Rating Drivers, Liquidity Position, Rating Sensitivities have not been captured as the related instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Indian Bulk Tea Industry ICRA Policy on Withdrawal of Credit Ratings
Parent/ Group Support	Not Applicable
Consolidation/ Standalone	The ratings are based on the standalone financial statements of the entity

About the company

RIL was incorporated in June 1994 by Mr. H.M. Gupta. The company cultivates tea across seven tea estates and operates seven factories, one associated with each tea estate. The tea estates are located primarily in Upper Assam, with a total mature area under tea of around 3,000 hectares. Recently, the company has announced its decision to sell the smallest garden (around 300 hectares), Bokakhat, which produced 4.85 lakh kg tea in FY2020. RIL has a support service division, known as Aerotech Services, which is involved in the installation, servicing and maintenance of products supplied by foreign OEMs, primarily to clients in the avionics system domain. The contracts for this division are going to expire by March 31, 2021, and hence the management has decided to close this division. Another unit, Rossell Techsys division, is involved in wire-harnessing engineering, custom embedded systems, design and development of test solutions for clients in aerospace and defence domains. RIL also forayed into the hospitality business in FY2013, known as the Rossell Hospitality division, by setting up several fast-food outlets in the Delhi NCR region. However, the same has been shut down with effect from October 1, 2019. Going forward the company would have two major divisions, Tea and Techsys. A wholly owned subsidiary company of Rossell India Ltd. named Rossell Techsys, Inc has been incorporated, based in Delaware, the United States. The subsidiary was incorporated on August 6, 2020 in the form of C-Corp. This company was formed to expand the operation of Rossell Techsys Division in the US.

Key financial indicators (audited)

	FY2020	FY2021	FY2022
Operating Income (Rs. crore)	309.3	321.6	299.0
PAT (Rs. crore)	18.5	32.9	29.8
OPBDIT/OI (%)	19.0%	21.3%	15.0%
PAT/OI (%)	6.0%	10.2%	10.0%
Total Outside Liabilities/Tangible Net Worth (times)	1.3	1.0	0.8
Total Debt/OPBDIT (times)	3.3	2.6	3.4
Interest Coverage (times)	5.6	4.3	4.5

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Source: Rossell India Limited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current rating (FY2023)			Chronology of Rating History for the past 3 years				
Instrument	Type	Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2021 (Rs. crore)	Date & rating	Date & rating in FY2022	Date & rating in FY2021		Date & rating in FY2020	
						Jul 22, 2022	Apr 5, 2021	Oct 7, 2020	Apr 13, 2020
1	Term Loans	Long-term	45.00	45.00	[ICRA]A- (Stable); Withdrawn	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
2	Working Capital Facilities	Long-term	181.79	-	[ICRA]A- (Stable); Withdrawn	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
3	Bank Guarantee/ Letter of Credit	Short term	4.00	-	[ICRA]A2+; Withdrawn	[ICRA]A2+	[ICRA]A2+	[ICRA]A2	[ICRA]A2
4	Untied Limits	Long-term/ Short term	-	-	-	-	[ICRA]A- (Stable)/ [ICRA]A2+	-	-

Source: Rossell India Limited

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	Simple
Long-term fund-based – Working Capital Facilities	Simple
Short-term non-fund based – Working Capital Facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
	Term Loan	FY2019	-	FY2026	45.00	[ICRA]A- (Stable); Withdrawn
	Working Capital Facilities	-	-	-	181.79	[ICRA]A- (Stable); Withdrawn
	Bank Guarantee/ Letter of Credit	-	-	-	4.00	[ICRA]A2+; Withdrawn

Source: Rossell India Limited

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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