

Dhunseri Tea & Industries Limited

Facilities	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term bank facilities	148.93 (Reduced from 153.20)	CARE A; Stable	Reaffirmed
Short-term bank facilities	0.50	CARE A2+	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Dhunseri Tea & Industries Limited (DTIL) continue to benefit from the extensive experience of its promoters and the company's established track record in the tea industry. Ratings also derive significant comfort from the group's liquidity, which includes cash and liquid investments in mutual funds and listed securities. The promoter group has demonstrated support by infusing unsecured loans on need basis. The company has also generated cashflow through the sale of its tea gardens and factories to support its liquidity needs.

Ratings consider subdued financial performance in FY25 (refers to April 01 to March 31) with improvement in Q1FY26 on year-on-year (y-o-y) basis. Overall operating profit remained subdued in FY25 despite higher tea realisation, considering production loss due to climate-based challenges and pest attacks in the recently acquired tea gardens. Performance of its overseas subsidiaries continues to be affected due to lower realisation of macadamia. The continued weak performance has led to an increase in debt level and weakening debt coverage indicators. However, comfort is drawn from improvement in the company's financial performance in Q1FY26 on a y-o-y basis. Sustained improvement in financial performance shall remain crucial going forward.

Ratings are further constrained by DTIL's moderate scale of operations, labour-intensive nature of the tea industry with increasing wage cost, and susceptibility of tea and macadamia businesses to agro-climatic risks. Ratings also consider volatility in macadamia prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial improvement in the scale of operations with benefit from acquired tea gardens.
- Improvement in the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin beyond 12% on a sustained basis.

Negative factors

- Increase in debt leading to overall gearing above 1x on a sustained basis.
- Delay in receipt of need-based support from the promoter group.

Analytical approach: Consolidated

Consolidated, factoring strong financial flexibility being part of the Dhunseri group. Subsidiaries are in similar business with common management and financial support extended by DTIL in the form of standby letter of credit to one of its subsidiaries. Entities getting consolidated are listed under Annexure-6. Ratings also consider substantial liquidity available at the group level, providing financial flexibility.

Outlook: Stable

The stable outlook reflects the strong financial flexibility available to the company being part of the Dhunseri group and demonstrated successful track record of managing its tea business, which is expected to continue going forward.

Detailed description of key rating drivers:

Key strengths

Experience of promoters and established track record of the company in the tea industry

DTIL is part of the Dhunseri group, which has been carrying on the tea business for over five decades. Despite the tea industry passing through several bad phases in the last few decades, promoters have demonstrated a successful track record of managing

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

their tea business. C K Dhanuka, Chairman and MD of the company, is one of the reputed industrialists of Kolkata with long experience in the tea industry. The promoter group is ably supported by an experienced management team. Ratings derive significant comfort from available liquidity at the group level (in Dhunseri Investment Limited) aggregating ~₹1,200 crore as on March 31, 2025, in the form of cash and liquid investments in mutual funds and listed securities.

DTIL currently has 10 tea estates and 10 tea factories, producing quality tea. The company sells tea through auctions, private sales through intermediaries and packaged tea.

Satisfactory operational parameters with satisfactory recovery rate

DTIL has been efficiently carrying out operations across its tea gardens (10) in Assam, where the quality of black tea is superior compared to the rest of India. Domestic average tea yield decreased to ~1640 kg per hectare in FY25 compared to ~1831 kg per hectare in FY24, due to adverse weather conditions resulting in crop loss. Tea production decreased from 13.10 million kg in FY24 to 11.73 million per kg in FY25 considering pest issue in new tea estates, climate-based challenges and sale of Dilli Tea Estate (capacity of 0.60 million kg). Yield improved significantly to 2011 kg per hectare in Q1FY26 against 1100 kg per hectare in H1FY25. Tea production level stood at 3.46 million kg in Q1FY26.

Average recovery rate (ranging from 22.55% to 23.76% over FY21-FY25 and Q1FY26) for the company has been in line with the industry average of ~22%.

Production in its overseas subsidiary increased with tea production at 9.16 million kg in CY24 against 7.35 million kg in CY23. However, production of macadamia nuts reduced from 0.55 million kg in CY23 to 0.47 million kg in CY24. Tea production in Q1FY26 stood at 3.14 million kg with macadamia nuts at 0.32 million kg.

Comfortable capital structure despite weak debt protection metrics

Debt level increased as on March 31, 2025, largely to fund operational losses. However, DTIL continues to have a healthy net worth base. Overall gearing stood comfortable at 0.50x as on March 31, 2025 (0.51x as on March 31, 2024). Interest coverage ratio and total debt/PBILDT continued to remain vulnerable in FY25 due to losses at operating level.

Debt coverage indicators though improved in Q1FY26 with interest coverage of 5.57x (Q1FY25: 1.31x), however, given the seasonality of the industry, Q1 and Q2 are healthy quarters and coverage achieved are higher and skewed. With Q4 being a cost bearing quarter, these metrics are likely to moderate for FY26.

Liquidity: Adequate

Due to losses in FY25, the company managed its capex and other liquidity needs from selling liquid investments and loss-making tea assets apart from higher utilisation of working capital limits. In FY25, the company sold the Dilli Tea estate for ~₹35 crore and sale of Jaipur Factory for ~₹20 crore, proceeds from which supported overall cash flows. There has been fund infusion from promoter group to support overall liquidity, with ₹14.39 crore outstanding as on March 31, 2025. These funds have been provided largely to support overall liquidity profile amidst operational losses. Financial flexibility due to DTIL being part of the CK Dhanuka group and need-based fund infusion from the group aids its liquidity.

Average fund-based working capital limit utilisation remained moderate at 65% for 12 months ended July 2025, providing adequate liquidity buffer. The company does not have significant capital expenditure plans in the medium term.

Key weaknesses

Subdued performance in FY25 despite recovery in Q1FY26

DTIL achieved an increase in its consolidated TOI by 15% y-o-y from ₹395.42 crore in FY24 to ₹456.38 crore in FY25 due to increase in domestic tea sales realisation, partly offset by decline in sale volume. On a standalone level, while sales volume moderated by ~10% owing to lower production amidst weather challenges, realisation increased by over 22% considering steady demand and challenges in supply given erratic monsoons. Despite having higher revenue, a decrease in sales volume, crop loss and higher wage rate led to operational losses. This and loss from overseas operations, led to consolidated operating loss of ₹18.06 crore in FY25 (PY operating loss: ₹86.36 crore).

While in Q1FY26, the company has partially recovered its profitability with PBILDT reported at ₹24.06 crore against ₹6.64 crore in Q1FY25, backed by increase in tea realisation amidst steady volumes and no major forex losses, sustaining such profit levels may remain a challenge given the seasonal business. Overall financial performance for FY26 is expected to improve with improved

production levels and restructuring garden by disposing of loss-making assets. The company continues to incur losses in its subsidiaries, which further impact overall profitability at a consolidated level.

Labour intensive nature of tea industry

The inherent nature of the domestic tea industry makes it highly labour intensive, with wage cost entailing ~45-50% of total cost of sales. Therefore, steep upward revision in wages has an adverse impact on PBILDT margin of bulk tea players. However, labour cost in its African subsidiaries is relatively low, Hence its overall impact on the PBILDT margins, are somewhat moderated at a consolidated level.

Inherent agro-climatic risks

DTIL's profitability is highly susceptible to vagaries of nature as all its domestic tea gardens are concentrated in Assam. Although Assam is the largest tea-producing state in India, it witnessed erratic weather conditions in the last years. In FY25, it had pest infestation in new estates and erratic weather conditions resulted in lower output. DTIL's international tea gardens in Africa, are also susceptible to vagaries of nature.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Consolidation Approach](#)

[Notching by Factoring Linkages in Ratings](#)

About the company and industry

Industry classification

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

DTIL is engaged in growing and cultivating tea across 10 tea estates in Assam, having a cumulative production capacity of 11.40 million kg per annum. DTIL also has two tea estates, including 'Makandi' and 'Kawalazi' in Malawi, South Africa (where DTIL had acquired [100% stake] in FY13 through its Singapore-based wholly owned subsidiary, 'Dhunseri Petrochem and Tea Pte Limited'). The cumulative production capacity of these two estates is 11.60 million kg per annum. Apart from tea, the Malawi estates also produce macadamia (installed capacity of 0.60 million kg per annum).

In FY23, DTIL sold the Khagorijan Tea Estate, and it acquired five tea estates in Assam. In FY24, the company sold Shivani tea factory and Hatibari tea factory, while in FY25 the company has sold Dilli Tea estate and Jaipur Factory. The company also sold its Deohall estate in H1FY26.

Financial performance: Consolidated

(₹ crore)

For the period ended/as on March 31	2023 (12m, A)	2024 (12m, A)	2025 (12m, A)
<u>Working results</u>			
Net sales	337.19	394.14	432.85
TOI	337.48	395.42	456.38
PBILDT	3.47	-86.39	-18.06
Interest	22.54	79.42	25.99
Depreciation	19.04	21.92	18.9
PBT	-29.86	-166.28	-29.39
PAT (after deferred tax)	-23.79	-141.10	-20.05
GCA	-10.62	-144.36	-11.32
<u>Financial position</u>			
Equity capital	10.51	10.51	10.51

Net worth	670.75	495.54	518.92
Total capital employed	975.36	832.00	845.72
Key ratios			
Growth			
Growth in total income (%)	-3.30	17.17	15.42
Growth in PAT (after deferred tax) (%)	-74.76	493.21	-85.79
Profitability			
PBILDT/TOI (%)	1.03	-21.85	-3.96
PAT (after deferred tax)/total income (%)	-7.05	-35.68	-4.39
ROCE (%)	-3.19	-13.04	-0.53
Solvency			
Debt equity ratio (times)	0.09	0.15	0.24
Overall gearing ratio (times)	0.27	0.51	0.50
Interest coverage (times)	0.16	-1.09	-0.71
Term debt/GCA (years)	-5.59	-0.53	-11.21
Total debt/GCA (years)	-17.02	-1.77	-23.12
Liquidity			
Current ratio (times)	0.85	0.46	0.58
Quick ratio (times)	0.44	0.19	0.26
Average collection period (days)	32	27	22
Average inventory (days)	99	67	58
Average creditors (days)	36	31	32
Operating cycle (days)	95	63	48

A: Audited; Ratios and Financials are classified per CareEdge Ratings' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Details of rated facilities: Annexure-3

Complexity level of instruments rated for this company: Annexure-4

Detailed explanation of covenants of rated instruments/facilities: Annexure-5

Annexure-1: Details of 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		-	-	-	125.00	CARE A; Stable
Fund-based - ST-Bank Overdraft		-	-	-	0.50	CARE A2+
Non-fund-based - LT-Standby Letter of Credit		-	-	30-06-2029	15.73	CARE A; Stable
Term Loan-Long Term		-	-	31-12-2030	8.20	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the 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	125.00	CARE A; Stable	-	1)CARE A; Stable (09-Jan-25) 2)CARE A+; Negative (05-Jun-24)	1)CARE A+; Stable (27-Dec-23)	1)CARE A+; Stable (30-Sep-22)
2	Non-fund-based - LT-Standby Letter of Credit	LT	15.73	CARE A; Stable	-	1)CARE A; Stable (09-Jan-25) 2)CARE A+; Negative (05-Jun-24)	1)CARE A+; Stable (27-Dec-23)	1)CARE A+; Stable (30-Sep-22)
3	Term Loan-Long Term	LT	8.20	CARE A; Stable	-	1)CARE A; Stable (09-Jan-25) 2)CARE A+; Negative (05-Jun-24)	1)CARE A+; Stable (27-Dec-23)	1)CARE A+; Stable (30-Sep-22)
4	Non-fund-based - LT-Bank Guarantee	LT	-	-	-	-	1)Withdrawn (27-Dec-23)	1)CARE A+; Stable (30-Sep-22)
5	Fund-based - ST-Bank Overdraft	ST	0.50	CARE A2+				

LT: Long term; ST: Short term

Annexure-3: Details of rated facilities:**1. Long-term facilities****1.A. Term loans**

Sr. No.	Name of Bank/Lender	Rated Amount (₹ crore)	Debt Repayment Terms	Remarks
1.	Kotak Mahindra Bank Ltd.	8.20	To be paid by December 2030 in 84 equal monthly instalments after a 24 months moratorium period	Under the Agriculture Infrastructure Fund scheme
	Total	9.35		

1.B. Fund-based limits

Sr. No.	Name of Bank/Lender	Rated Amount (₹ crore)	Remarks
1.	Punjab National Bank	35.00	Cash credit
2.	State Bank of India	35.00	Cash credit
3.	HDFC Bank Ltd.	30.00	Cash credit
4.	Kotak Mahindra Bank Ltd.	11.00	Cash credit
5.	Bank of Baroda	9.00	Cash credit
6.	ICICI Bank Ltd.	5.00	Cash credit
	Total	125.00	

1.C. Non-fund-based limits

Sr. No.	Name of Bank/Lender	Rated Amount (₹ crore)	Debt Repayment Terms	Remarks
---------	---------------------	------------------------	----------------------	---------

1.	Axis Bank	15.73	Repayable in 10 yearly instalments ending June 30, 2029.	Standby letter of credit
	Total	15.73		

Total long-term facilities: ₹148.93 crore

2. Short-term facilities

2.A Fund-based limits

Sr. No.	Name of Bank/Lender	Rated Amount (₹ crore)	Remarks
1.	Axis Bank	0.50	Bank Overdraft Limit
	Total	0.50	

Total short-term facilities: ₹0.50 crore

Total facilities (1.A+1.B+1.C+2.A): ₹149.43 crore

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 - ST-Bank Overdraft	Simple
3	Non-fund-based - LT-Standby Letter of Credit	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Detailed explanation of covenants of rated instruments: Not applicable

Annexure-6: List of entities consolidated

S. No.	Name of the Companies	Extent of consolidation*	Rationale for consolidation
1	Dhunseri Petrochem & Tea Pte Ltd.	Full	Subsidiary
2	Makandi Tea & Coffee Estates Ltd.	Full	Step-down subsidiary
3	Kawalazi Estate Company Ltd.	Full	Step-down subsidiary
4	Dhunseri Mauritius Pte Ltd.	Full	Step-down subsidiary
5	A.M. Henderson & Sons Ltd.	Full	Step-down subsidiary
6	Chiwale Estate Management Services Ltd.	Full	Step-down subsidiary
7	Ntimabi Estate Limited	Full	Step-down subsidiary

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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Analytical Contacts Ranjan Sharma Senior Director CARE Ratings Limited Phone: +91-22-6754 3453 E-mail: ranjan.sharma@careedge.in Hardik Manharbhai Shah Director CARE Ratings Limited Phone: +91-22-6754 3591 E-mail: hardik.shah@careedge.in Richa Bagaria Associate Director CARE Ratings Limited Phone: +91-33-4018 1600 E-mail: richa.jain@careedge.in
---	---

(This follows our brief rationale for the entity published on October 10, 2025)

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

CONTACT**CARE Ratings Limited**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern
Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456

REGIONAL OFFICES**AHMEDABAD**

32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Phone: +91-79-4026 5656

ANDHERI – MUMBAI

A Wing - 1102 / 1103, Kanakia Wall Street,
Andheri Kurla Road, Chakala, Andheri (E),
Mumbai - 400 093

BENGALURU

Unit No. 205-208, 2nd Floor, Prestige Meridian 1,
No. 30, M.G. Road, Bengaluru, Karnataka - 560
001
Phone: +91-80-4662 5555

CHENNAI

Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002
Phone: +91-44-2849 7812 / 0811

COIMBATORE

T-3, 3rd Floor, Manchester Square,
Puliakulam Road, Coimbatore - 641 037
Phone: +91-422-433 2399 / 450 2399

HYDERABAD

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029
Phone: +91-40-4010 2030

KOLKATA

Unit No. A/7/4, 7th Floor, Block A, Apeejay House,
15 Park Street, Kolkata – 700 016.
Phone: +91-33-4018 1600

NOIDA

9th floor, C-001/A2, Berger Towers, Sector 16B,
Noida, Gautam Budh Nagar, Uttar Pradesh -
201301

Phone: +91-120-4452000

PUNE

9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 016
Phone: +91-20- 4000 9000

CIN - L67190MH1993PLC071691