July 07, 2025

The Jorehaut Group Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Cash Credit	22.00	22.00	[ICRA]A- (Stable), reaffirmed
Long-term Fund-based – Term Loans	7.95	7.95	[ICRA]A- (Stable), reaffirmed
Long-term/ Short-term – Unallocated Limits	0.05	0.05	[ICRA]A- (Stable)/ [ICRA]A2+, reaffirmed
Total	**30.00**	**30.00**	

** Instrument details are provided in Annexure – I*

Rationale

The reaffirmation of the ratings considers the established presence of The Jorehaut Group Limited (TJGL) and the long experience of the promoters in the tea industry. ICRA notes that TJGL acquired a new bought-leaf factory, Kaziranga Tea Manufacturers, in FY2024 and further added a new crush, tear, curl (CTC) line therein to enhance the entity's bought-leaf production. This is reflected in the modest production growth in FY2025 amid a shortfall at the industry level. TJGL's overall production improved by almost 8% in FY2025 and is expected to increase further, supported by the commencement of the new CTC line from the current year. The ratings also factor in the company's focus on the production of superior quality tea that commands a significant price premium over North Indian auction prices.

In FY2025, the recovery in realisations, owing to lower production of ~100 Mkg at the industry level, supported revenue growth. In the current fiscal, the realisation growth is likely to be muted following the significant increase witnessed last year. Till date, industry-level CTC prices have witnessed a correction in Q1 FY2026 owing to improved tea production. However, the higher bought-leaf production is expected to support revenue growth in FY2026. The wage rates were not increased in FY2025, and any significant wage hike impacting profitability would be a key rating sensitivity. Nevertheless, the ratings continue to derive comfort from the favourable financial risk profile of the company, characterised by a conservative capital structure and strong debt protection metrics.

The ratings continue to be impacted by the company's modest scale of current operations and the risks inherent in tea as an agricultural commodity. These risks stem from dependence on agro-climatic conditions and the cyclical nature of the tea industry, which is characterised by high fixed costs and leads to fluctuations in profitability and cash flows for bulk tea producers, including TJGL. The concentration of the company's four gardens in Assam further accentuates agro-climatic risks. In addition, domestic tea prices are influenced by international prices, and hence the demand-supply situation in the global tea market, in ICRA's opinion, would continue to have a bearing on the profitability of Indian players, including TJGL.

The Stable outlook on the long-term rating reflects ICRA's expectations that the entity will maintain its business positioning, conservative capital structure and comfortable liquidity position.

Key rating drivers and their description

Credit strengths

Experienced promoters and established presence in bulk tea industry – TJGL is an established CTC tea producer and accounted for an estimated 0.53% of India's tea production in FY2025 (~0.46% in FY2024). The promoters have over four decades of experience in the tea industry. The company has four tea gardens in the Upper Assam region, spread over a cultivable area of ~2,084 hectares, and four bought-leaf units. The bought-leaf factories are also located in the Upper Assam region. Around 16% of the company's total produce (in terms of volume) was exported, primarily to the UK.

TJGL's superior tea quality allows it to command premium price – TJGL is one of the established CTC players in the bulk tea industry, with four tea estates spread across Assam. TJGL's superior quality tea results in a premium for its produce compared to the industry average. The weighted average realisation of tea produced by the company was around 36% higher compared to the North Indian auction average in 9M FY2025. TJGL's gardens record yields that are comparable with other leading bulk tea players.

Favourable financial risk profile characterised by a conservative capital structure and comfortable debt coverage indicators – The company's capital structure has gradually improved over the last few years on account of scheduled repayment of long-term debt and healthy accretion to reserves. The gearing and TOL/TNW stood at 0.2 times and 0.4 times, respectively, as on March 31, 2025. The company's long-term debt increased in FY2024 following a sizeable, partly debt-funded capex, which included the acquisition of a bought-leaf factory (Kaziranga Tea Manufacturers) and the addition of a new CTC line in the same. Nonetheless, the gearing continues to remain conservative. The debt coverage indicators also remain strong, supported by healthy accruals and the relatively lower debt level.

Credit challenges

Modest scale of current operations; moderate top line growth likely in FY2026 – The company's scale of operations continues to remain at a modest level. It produced an estimated 3.6 Mkg of tea from its estate leaf and around 3.3 Mkg of tea from bought-leaf operations in FY2025. Although this reflects growth over the previous fiscal, the company's scale of operations remains modest at an absolute level. In the current fiscal, the realisation growth is likely to be muted following the significant increase witnessed last year. Till date, industry-level CTC prices have witnessed a correction in Q1 FY2026 owing to improved tea production. However, the higher bought-leaf production is expected to support revenue growth in FY2026.

Profitability and cost structure vulnerable to wage rate hikes in the near term – TJGL's operating margins were affected in FY2024 because of subdued realisations and wage rate revisions. The basic daily wages for tea estate workers in Assam increased by Rs. 18 per manday from October 2023, which pushed up the cost of made tea by ~Rs. 9–10/kg. While the wage rates were not increased in FY2025, any significant wage hike impacting profitability would be a key rating sensitivity. Any sharp hike without a commensurate increase in realisation will adversely impact the margins and coverage metrics of entities in the bulk tea industry.

Risks associated with tea for being an agricultural commodity, dependent on favourable agro-climatic conditions – Tea production depends on agro-climatic conditions, which subject it to agro-climatic risks. Moreover, tea-estate costs are primarily fixed, with labour-related costs, which are independent of the volume of production, accounting for around 20% of the production cost. This leads to variability in profitability and cash flows of bulk tea producers, including TJGL.

Export market performance of Indian tea crucial to sustain buoyancy in domestic tea prices – Exports play a vital role in maintaining the overall demand-supply balance in the domestic tea market, notwithstanding India's large domestic consumption base. The healthy export realisation is also crucial for maintaining domestic realisations as unremunerative prices in the export market may lead to exporters dumping the produce in the domestic market, which in turn would exert pressure on domestic prices.

Liquidity position: Adequate

The company's liquidity position is adequate. The average utilisation of fund-based working capital limits has remained at a low level over the last 12 months. TJGL has limited long-term debt repayment obligations compared to its likely cash accruals from business over the next few years. The company is expected to have liquid investments and surplus cash/bank balances of ~Rs. 43 crore as of March 2025. Further, it has no large capex programme in the pipeline, thereby providing a sizeable overall liquidity buffer. ICRA expects the company's overall liquidity position to remain adequate, going forward.

Rating sensitivities

Positive factors – ICRA may upgrade TJGL's ratings if there is a material increase in its scale of operations while improving its profitability and liquidity position, significantly strengthening its net worth on a sustained basis.

Negative factors – Pressure on TJGL's ratings may arise if there is a significant decline in profitability and/or a higher-than-anticipated debt-funded capital expenditure, adversely impacting the capital structure and debt protection metrics. Besides, any significant deterioration in the liquidity position may also result in ratings downgrade. Specific credit metric that may trigger ratings downgrade includes total debt/ OPBDITA of more than 2.3 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Tea
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the company

About the company

Incorporated in 1977, The Jorehaut Group Limited (TJGL) primarily produces black tea of the CTC variety. The company sells its products in the domestic as well as export markets. It has four tea gardens located in the Upper Assam region, primarily in the Golaghat and Dibrugarh districts. The company's tea estates are spread over a cultivable area of around 2,084 hectares. It acquired a bought-leaf factory, Kaziranga Tea Manufacturers, in Golaghat, Assam, in May 2023. At present, the company has four bought-leaf factories.

Key financial indicators (audited)

TJGL, Standalone	FY2023	FY2024
Operating income	151.7	165.8
PAT	12.9	8.1
OPBDIT/OI	13.8%	7.2%
PAT/OI	8.5%	4.9%
Total outside liabilities/Tangible net worth (times)	0.6	0.4
Total debt/OPBDIT (times)	1.3	1.5
Interest coverage (times)	24.0	11.5

Source: The Jorehaut Group Limited, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA

CRA	Status of non-cooperation	Date of Press Release
CARE Ratings	CARE BB+; Stable; ISSUER NOT COOPERATING*, Rating continues to remain under ISSUER NOT COOPERATING category	June 19, 2025

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount Rated (Rs. crore)**	**July 7, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Cash Credit	Long Term	22.00	[ICRA]A- (Stable)	04-APR-2024	[ICRA]A- (Stable)	-	-	06-MAR-2023	[ICRA]A- (Stable)
Term Loans	Long Term/Short Term	7.95	[ICRA]A-(Stable)/[ICRA]A2+	04-APR-2024	[ICRA]A-(Stable)/[ICRA]A2+	-	-	06-MAR-2023	[ICRA]A-(Stable)/[ICRA]A2+
Unallocated Limits	Long Term	0.05	[ICRA]A- (Stable)	04-APR-2024	[ICRA]A- (Stable)	-	-	06-MAR-2023	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash Credit	Simple
Long-term fund-based – Term Loans	Simple
Unallocated Limits	Not Applicable

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 analysing 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 are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	22.00	[ICRA]A- (Stable)
NA	Term Loan 1	FY2019	-	FY2026	0.42	[ICRA]A- (Stable)
NA	Term Loan 2	FY2024	-	FY2028	6.00	[ICRA]A- (Stable)
NA	Term Loan 3	FY2022	-	FY2027	0.19	[ICRA]A- (Stable)
NA	Term Loan 4	FY2022	-	FY2027	1.19	[ICRA]A- (Stable)
NA	Term Loan 5	FY2024	-	FY2028	0.15	[ICRA]A- (Stable)
NA	Unallocated Limits	-	-	-	0.05	[ICRA]A- (Stable)/ [ICRA]A2+

Source: The Jorehaut Group Limited

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis - Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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