October 10, 2025

Koomber Tea Company Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term - Fund - based - Cash credit/WCDL	6.00	6.00	[ICRA]A-(Stable)/[ICRA]A2+; reaffirmed
Total	**6.00**	**6.00**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of the ratings factors in Koomber Tea Company Private Limited's (KTCPL) status as one of the strategically important tea producing entities for the Goodricke Group Limited {GGL, rated [ICRA]A(Stable)/[ICRA]A2+}, which has an established presence in the domestic tea industry. The ratings also consider the high quality of KTCPL's tea, which commands a significant premium over the average North Indian auction prices.

In FY2025, KTCPL's performance improved on the back of higher tea realisation and stable tea production. While the tea industry witnessed significant crop loss in FY2025, KTCPL's production remained flattish owing to the management's efforts to enhance the output from the earlier levels. As a result, KTCPL's OPBDITA improved to Rs. 1.3 crore in FY2025 against an operating loss of ~Rs. 4.5 crore in FY2024. Also, the total Group OPBDITA (GGL group) increased to ~Rs. 42 crore in FY2025 compared to an operating loss of ~Rs. 60 crore in FY2024.

In the current fiscal, while tea prices are under pressure owing to a significant increase in production at the industry level, KTCPL's realisation is unlikely to drop as the entity is increasing its presence in orthodox tea (ODX), the prices of which have improved compared to the CTC variety. In FY2026, while GGL's standalone performance may impacted by the higher exposure to the Dooars gardens, KTCPL's performance is expected to be better owing to its presence in the Cachar region and its production of ODX tea. Consequently, KTCPL's operating profit is expected to be in line with the reported OPBDITA of ~Rs. 1.3 crore in FY2025. At the Group level, while the financial performance is expected to moderate, the OPBDITA for FY2026 is estimated at Rs. 30-35 crore. In addition, the sale of two gardens fetching ~Rs. 44 crore is expected to improve the cash flows and lower the debt burden, thus reducing the overall finance cost for the Group.

The overall Group debt position has already declined by ~Rs. 40 crore in the current fiscal, thereby supporting the financial risk profile. Nonetheless, the tea workers' wages were not hiked in FY2025 as well as in the current fiscal till date. Any significant wage rate hike impacting the cost structure would remain a key monitorable.

The ratings, however, continue to be impacted by the risks associated with tea for being an agricultural commodity, which depends on agro-climatic conditions, as well as the inherent cyclicality of the fixed-cost intensive nature of the tea industry that leads to variability in the profitability and cash flows of bulk tea producers, including KTCPL. The concentration of the company's all two gardens in North India further accentuates the 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 KTCPL.

The Stable outlook on the long-term rating reflects ICRA's expectations that an established position of the Goodricke Group, including KTCPL, in the tea industry, would continue to support its business and credit profile.

Key rating drivers and their description

Credit strengths

Established position of Goodricke Group in tea business– KTCPL is a part of the Goodricke Group, which has an established presence in the tea industry for over four decades and accounted for almost 2.4% of India's total tea production in FY2025. Camellia Plc, UK, is the ultimate holding company of all the entities in the Group. The ratings of KTCPL draw comfort from the implicit support derived from its operational and managerial linkages with the Goodricke Group.

Superior quality of tea, evident from the premium price commanded by the company's produce – KTCPL is one of the established orthodox players in the bulk tea industry with two tea estates in the Cachar district of Assam. The superior quality of KTCPL's tea enables it to command a premium for its produce compared to the industry average. The weighted average realisation of tea produced by the company stood at around Rs. 219/kg in FY2025 compared to the North Indian auction average of around Rs. 217/kg during the same period. Premium tea prices support the overall profitability of the company.

Credit challenges

Moderation in tea prices to impact Group performance in FY2026; better quality of tea to support KTCPL's performance - In the current fiscal, while tea prices are under pressure owing to a significant increase in production at the industry level, KTCPL's realisation is unlikely to drop as the entity primarily produces orthodox tea (ODX), prices of which have improved over the CTC variety. In FY2026, while GGL's standalone performance may be impacted by higher exposure to the Dooars gardens, KTCPL's performance is expected to be better owing to its greater presence in the Cachar district of Assam. Consequently, KTCPL's operating profit is expected to be in line with the reported OPBDITA of ~Rs. 1.3 crore in FY2025. At the group level, while the financial performance is expected to moderate, the OPBDITA for FY2026 is estimated at Rs. 30-35 crore.

Susceptible to wage hike impacting the cost structure - The bulk tea industry remains vulnerable to the increase in wage rates of the tea workers in Assam and West Bengal. The sharp increase in wage rates relative to bulk tea prices had impacted the profitability in the past**.** While the wages were not increased in FY2025 as well as in the current fiscal till date, any significant hike impacting the cost structure would remain a key monitorable.

Risks associated with tea for being a cyclical agricultural commodity- The production of tea depends on agro-climatic conditions, thereby making it susceptible to agro-climatic risks. Moreover, the tea estate costs are primarily fixed, with labour costs, which are independent of the volume of production, accounting for a major portion of the production cost. Hence, the inherent cyclicality of the fixed-cost intensive tea industry leads to variability in the profitability and cash flows of bulk tea producers, such as KTCPL.

Export market performance of Indian tea crucial to sustain buoyant domestic tea prices – Exports play a vital role in maintaining the overall demand-supply balance in the domestic tea market, notwithstanding the large domestic consumption base that India has. Healthy export realisation is also crucial for maintaining domestic realisations as unremunerative prices in the export market may prompt exporters to dump their produce in the domestic market, which in turn would exert pressure on domestic prices.

Liquidity position: Adequate

The company is likely to generate positive cash flow from operations in the near-to-medium term. The average utilisation of the fund-based working capital limits has remained at a moderate level in the last 12 months. The company has a moderate level of scheduled debt repayment obligation over the next few years compared to its comfortable cash flows from operations. ICRA expects the overall liquidity position of the company to remain adequate, going forward, in view of the undrawn working capital facilities and absence of any major planned capital expenditure programme.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the credit profile of the Goodricke Group improves.

Negative factors – The rating may be downgraded if the company is unable to improve its profitability or debt coverage metrics. A weakening of the company's linkages with the Group or a deterioration in the credit profile of the Group may also result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies 9 Bold	Corporate Credit Rating Methodology Tea
Parent/Group support	Implicit support from the Goodricke Group due to significant operational and managerial linkages with the flagship entity and funding support from related entities
Consolidation/Standalone	The ratings are based on the standalone financial statements of the company

About the company

KTCP, incorporated in 1977, is a part of the Goodricke Group of tea companies with Camellia Plc of UK, through various subsidiaries, being the primary shareholder.

KTCPL has two tea estates, both in the Cachar district of Assam, with a total area under cultivation of 1,226 hectares. At present, KTCPL produces green tea, CTC and the orthodox varieties of tea with the CTC variety contributing around 51% to the total production in FY2025.

Key financial indicators

KTCPL Standalone	FY2024	FY2025
Operating income	44.4	49.9
PAT	-5.8	0.2
OPBDIT/OI	-10.0%	2.6%
PAT/OI	-13.0%	0.4%
Total outside liabilities/Tangible net worth (times)	0.6	0.5
Total debt/OPBDIT (times)	-2.2	8.1
Interest coverage (times)	-5.6	1.2

Source: Company, 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: Not applicable

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)	Oct 10, 2025	Date	Rating	Date	Rating	Date	Rating
Long term/Short term - Cash credit - Fund based	Long term/ Short term	6.00	[ICRA]A-(Stable)/ [ICRA]A2+	Oct 09, 2024	[ICRA]A-(Stable)/ [ICRA]A2+	Nov 20, 2023	[ICRA]A-(Stable)/ [ICRA]A2+	Jan 11, 2023	[ICRA]A (Stable)/ [ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term - Cash credit - Fund based	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 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	**Long term/Short term - Cash credit - Fund based**	NA	NA	NA	6.00	[ICRA]A- (Stable)/[ICRA]A2+

Source: Koomber Tea Company Private Limited

Annexure II: List of entities considered for consolidated analysis– Not Applicable

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ABOUT ICRA LIMITED

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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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