October 10, 2025

Stewart Holl (India) 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 limits – Cash credit/ WCDL	12.00	12.00	[ICRA]A- (Stable)/[ICRA]A2+; Reaffirmed
Total	**12.00**	**12.00**	

Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings factors in Stewart Holl (India) Limited's (SHIL) status as one of the strategically important tea producing entities for the Goodricke Group Limited {GGL, rated at [ICRA]A(Stable)/ [ICRA]A2+}, which has an established presence in the domestic tea industry. The ratings also consider SHIL's high quality of tea produced, which commands a significant premium over the average North Indian auction prices. Further, the ratings derive comfort from the conservative capital structure of the company.

In FY2025, SHIL's performance improved on the back of higher tea realisation and stable tea production. While the tea industry witnessed significant crop loss in FY2025, SHIL's production remained flattish owing to the management's efforts to enhance the output from the earlier levels. As a result, SHIL's OPBDITA improved to Rs. 7.7 crore in FY2025 against an operating loss of Rs. 13 crore in FY2024. Also, the total Group OPBDITA (GGL group) increased to ~Rs. 42 crore in FY2025 compared to operating losses of ~Rs. 60 crore witnessed in FY2024.

In the current fiscal, while tea prices are under pressure owing to a significant increase in tea production at the industry level, SHIL's realisation is unlikely to drop as the entity primarily produces orthodox tea (ODX), the prices of which have improved compared to the CTC variety. In FY2026, while GGL's standalone performance may be impacted by higher exposure to the Dooars gardens, SHIL's performance is expected to be better owing to greater presence in the Assam region. Consequently, SHIL's operating profit is expected to be in line with the reported OPBDITA of ~Rs. 7.7 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 depend 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 SHIL. The concentration of the company's all four 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 SHIL.

The Stable outlook on the long-term rating reflects ICRA's expectations that an established position of the Goodricke Group, including SHIL, in the tea industry, and the company's conservative capital structure 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– SHIL 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 SHIL 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 – SHIL is one of the established orthodox players in the bulk tea industry with four tea estates in Assam. The superior quality of SHIL'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. 346/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.

Conservative capital structure – The company avails fund-based working capital facilities during the peak season only. Hence, the company has remained debt free as on the balance sheet date over the past few years. The capital structure of the company continued to be conservative, reflected in TOL/TNW of 0.6 times as on March 31, 2025. The coverage indicators also remained healthy with interest coverage at 17.4 times in FY2025. While tea prices have corrected in the current fiscal, SHIL's quality gardens in Assam is expected to support the profitability, leading to conservative capital structure and healthy debt coverage indicators.

Credit challenges

Moderation in tea prices to impact Group performance in FY2026; better quality of tea to support SHIL's performance - In the current fiscal, while tea prices are under pressure owing to a significant increase in production at the industry level, SHIL's realisation is unlikely to drop as the entity primarily produces orthodox tea (ODX), prices of which have improved compared to the CTC variety. In FY2026, while GGL's standalone performance may be impacted by the higher exposure to the Dooars gardens, SHIL's performance is expected to be better owing to its greater presence in the Assam region. Consequently, SHIL's operating profit is expected to be in line with the reported OPBDITA of ~Rs. 7.7 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 SHIL.

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	Tea Corporate Credit Rating Methodology
Parent/Group support	Implicit support from the Goodricke Group due to significant operational and managerial linkages
Consolidation/Standalone	The ratings are based on the standalone financial statements of the company

About the company

SHIL, incorporated in 1978, primarily produces black tea of orthodox variety, which accounted for around 72% of its total produce in FY2025, with the balance being the CTC (crush, tear, curl) variety. The company sells its products in the domestic market through a mix of auction and private sales. The company has four gardens, each with a processing factory, in Assam with a total planted area of around 2,120 hectares.

The company is a part of the Goodricke Group of Companies based in India. Camellia Plc., UK, is the ultimate holding company, which through its subsidiaries holds the majority shareholding. The remaining stake is held by Lebong Investments Pvt. Ltd., a fellow subsidiary, and other financial institutions.

Key financial indicators (audited)

SHIL	FY2024	FY2025*
Operating income	97.3	125.0
PAT	-16.6	4.2
OPBDIT/OI	-13.3%	6.2%
PAT/OI	-17.1%	3.4%
Total outside liabilities/Tangible net worth (times)	0.7	0.6
Total debt/OPBDIT (times)	-0.2	0.0
Interest coverage (times)	-34.3	17.4

*Source: Company, ICRA Research; * Provisional numbers; 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 unallocated limits	Long term/ Short term	-	-	-	-	Nov 20,2023	[ICRA]A-(Stable)/ [ICRA]A2+	Jan-11, 2023	[ICRA]A (Stable)/ [ICRA] A1
Long term/Short term - Fund based cash credit	Long term/ Short Term	12.00	[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 - Fund based limits - Working capital facilities	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	Cash credit /WCDL	-	-	-	12.00	[ICRA]A- (Stable)/[ICRA]A2+

Source: Stewart Holl (India) Limited

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

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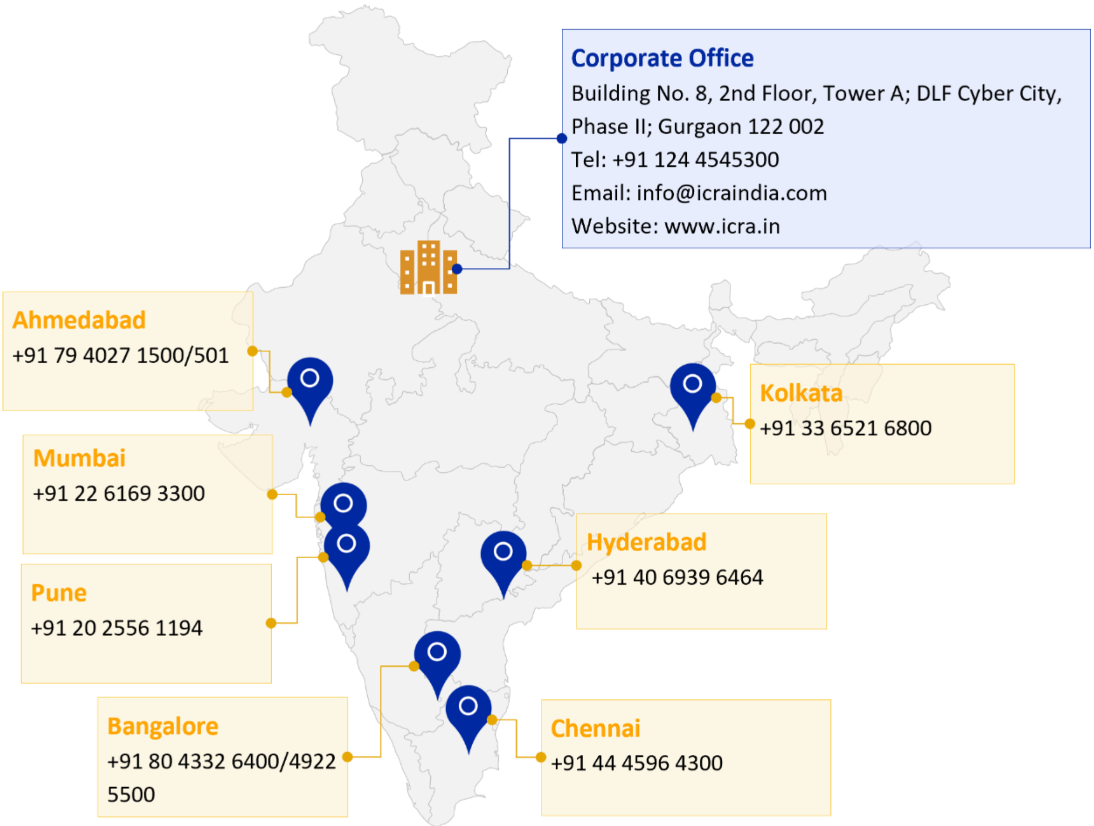

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