

April 09, 2026

Luxmi 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 – Fund based –Term loans	74.01	63.06	[ICRA]A+ (Stable); reaffirmed
Long term – Fund based – Cash credit	88.50	95.00	[ICRA]A+ (Stable); reaffirmed
Short term – Fund based – Interchangeable**	(40.00)	(40.00)	[ICRA]A1; reaffirmed
Long term/Short term - Non-fund based – SBLC/LER	25.00	25.00	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed
Long term/Short term – Unallocated	0.87	5.32	[ICRA]A+ (Stable)/ [ICRA]A1; reaffirmed
Total	188.38	188.38	

*Instrument details are provided in Annexure I, ** Sub-limit of cash credit (WCDC/EPC/Bill discounting)

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of the operational and financial profiles of Luxmi Tea Company Private Limited (LTCPL) along with its subsidiaries and step-down subsidiaries, including Obeetee Private Limited (OPL, rated at [ICRA]A+ (Stable)/[ICRA]A1), given the financial and managerial linkages among the entities. Additionally, ICRA has done a proportionate consolidation of TWE OBT Private Limited (TOPL) in the shareholding percentage held by OPL with the consolidated financials of LTCPL to arrive at the ratings.

The reaffirmation of the ratings considers the diversified business interests of the Group in tea (having tea estates in India and Africa), manufacturing and exports of handmade carpets, other floor covering items and furniture, real estate and the hospitality business, through various subsidiaries and step-down subsidiaries in India and abroad. LTCPL enjoys an established position in the domestic bulk tea industry with tea estates in Assam, Tripura and West Bengal. It also has an overseas presence in Rwanda, Africa, through its foreign subsidiary, Silverback Tea Company Limited, which operates three tea estates, along with one tea estate housed under Sorwath Ltd.

The ratings continue to consider the extensive experience of LTCPL's subsidiary, OPL, in the hand-knotted and hand-tufted carpet industry, its established network for procurement, sales and distribution, the strong relationship with its customers and the tie-up with a large number of artisans for handmade carpets. ICRA also notes the high operational efficiency of the Indian tea business, reflected in the high yield and outturn ratio, and the healthy profitability of the African tea estates.

While reaffirming the ratings, ICRA has considered the healthy financial risk profile of the Group, characterised by comfortable leverage (external debt, net of liquid investments) and debt coverage indicators. The Group's operating performance was healthy in FY2025, riding on improved realisations in the domestic tea business and continued strong performance of the overseas tea operations. The floor covering segment also witnessed a healthy performance, while the plot sale in Luxmi township in FY2025 supported the earning and operating profits. However, the financial performance of the domestic tea segment is expected to moderate in FY2026 amid some softening in tea prices. Further, in the township segment, the absence of plot sales in FY2026 is expected to moderate the operating profits. Notwithstanding this, the performance of the overseas tea operations is expected to continue to be stable, backed by healthy realisations. However, in FY2026, the debt coverage indicators are expected to remain muted owing to some moderation in earnings compared to the previous fiscal and incremental borrowings. The earnings, however, are expected to improve in FY2027, through the addition of revenue and

profits from the recent acquisitions undertaken by OPL, along with better contribution in the carpet business following a revision in the discount structure with the partners. Consequently, the debt coverage indicators are expected to remain comfortable. The liquidity position remains healthy with a consolidated liquid investment balance of ~Rs. 280 crores as on February 28, 2026; it is expected to stay healthy in the current fiscal as well.

The ratings, however, are constrained by the Group's exposure to the risks associated with tea for being an agricultural commodity and the inherent cyclicity of the fixed-cost intensive tea industry. In March 2026, the wages were increased by Rs. 30/manday in Assam, which is expected to impact the domestic tea operating profits in FY2027. However, the company plans to increase mechanised plucking and other operating efficiencies to offset the impact to an extent. Any large deterioration in the operating profits of the tea business, impacting the leverage and coverage metrics at the Group level, will remain a key rating monitorable. The Group also remains susceptible to the fluctuation in raw material prices in the floor covering and furniture segments.

The ratings also consider the Group's exposure to significant geographical concentration in the floor covering and furniture segments as a major portion of the exports is derived from the US. However, its established relationship with reputed clients and continuing diversification of the client base mitigates such risks to an extent. ICRA also considers the continuous challenges in the furniture business owing to new entrants in the segment. The furniture business revenue is expected to remain range-bound at Rs. 80-85 crore in FY2026 with the operating losses at Rs. 7-8 crore.

The Stable outlook on the long-term rating reflects ICRA's expectation that the Group's overall financial risk profile is likely to remain healthy with sizeable free liquid investments, a conservative capital structure and comfortable debt coverage metrics.

Key rating drivers and their description

Credit strengths

Group's diversified business interests mitigate sectoral concentration risks – The Group has a diversified business profile. The holding company, LTCPL, and its two other subsidiaries (Kalyani Tea Company Limited and Chandmani Tea Company Limited), manufacture tea in North India, while the foreign subsidiary, Silverback Tea Company Limited, holds three tea estates (Gisovu Tea Company Limited, Pfunda Tea Company Limited and Rugabano Tea Company Private Limited) and Sorwathe Ltd operates one tea estate in Africa. LTCPL's another subsidiary, OPL, and other step-down subsidiaries are involved in the manufacturing, trading and exports of handmade carpets, and furniture. Luxmi Township & Holdings Limited, a subsidiary of LTCPL, is involved in real estate development, primarily in North Bengal, while LTCPL's foreign subsidiary, LUK Hospitalities Limited, operates two hotels in the UK. The diversified business interests mitigate the sectoral concentration risks and lend stability to the Group's revenue and bottomline, to some extent. The tea segment (Indian and African operations) and floor covering and furniture segments are the main revenue and profit drivers of the Group. In FY2025, tea and floor covering and furniture accounted for ~47% and ~45% of the consolidated revenue, respectively. However, the real estate segment is the cash cow of the Group, which aided in expanding the scale of operations of the tea business through sizeable acquisitions in FY2019 and FY2020.

Established market position in bulk tea and carpet industries – The overall tea production of the Group's tea estates in North India (including two estates under subsidiaries) stood at 16.4 million kg (Mkg) in FY2026. The three tea estates of Silverback Tea Company Limited and Sorwathe Ltd in Rwanda, Africa (through Gisovu Tea Company Limited, Pfunda Tea Company Limited and Rugabano Tea Company Private Limited), recorded a total production of ~10.3 Mkg in CY2025. The Group's market position and scale of operations in the tea business increased significantly post FY2018 due to the acquisition of several tea estates in India and Africa, which increased the overall tea production to the current level from around 12.5 Mkg in FY2018. ICRA also notes LTCPL's focus on increasing packet tea sales under its own brands through both online and brick-and-mortar channels, which is likely to strengthen the profitability of the segment, going forward.

The Group has a long track record of operations in the hand-tufted and hand-knotted carpet manufacturing business through Obeetee. The Group is one of the largest exporters of handmade carpets from India.

Good quality of tea produced and high operational efficiency mitigate risks in the tea segment – A major portion of LTCPL's tea production in FY2026 comprised the crush-tear-curl (CTC) variety. The company produces good quality CTC tea, reflected in a considerable premium fetched over the North Indian CTC auction prices. LTCPL's average yield in North India remained high, supported by the favourable age profile of the tea bushes, with nearly 75% of the bushes being in the productive age of 5-50 years. LTCPL's comfortable realisations and high operational efficiency mitigate the business risks to a large extent. The performance of the African tea estates remained strong, reflected in a healthy operating margin of ~30% in CY2025, supporting the overall performance of the tea segment.

Long relationships with overseas buyers and artisans in the handmade carpet segment strengthen business profile – Obeetee has established relationships with its reputed overseas clients, which help in receiving repeat orders from its existing customers. The Group's established market presence also helps in securing orders from new customers. In FY2026, despite the impact of tariff, the overall shipments have increased owing to the increase in wallet share with the existing clients. Tie-ups with various wool yarn manufacturers that regularly supply woollen yarn, along with established tie-ups with suppliers of other natural and man-made yarn support the operations. The manpower-intensive handmade carpet division has employed skilled artisans from Uttar Pradesh and Bihar. Besides, the segment has tie-ups with more than 25,000 artisans who perform the tufting and knotting activities on a contractual basis.

Comfortable financial profile with conservative capital structure and adequate liquidity – The Group's capital structure remained conservative, reflected in a consolidated gearing of 0.6-0.7 times since FY2020. Around 40% of the consolidated debt of Rs. 799.7 crore as on March 31, 2025, comprised unsecured loans from entities controlled by promoters/other shareholders. A large portion of the fund and the sizeable liquid investments (~Rs. 280 crore as on February 28, 2026) had originated from Luxmi Township, the real estate entity, strengthening the Group's liquidity position. While the debt coverage indicators are likely to moderate to some extent in FY2026, primarily on account of margin contraction, an expected increase in earnings in FY2027 may improve the debt coverage indicators.

Credit challenges

Risks associated with tea for being an agricultural commodity and inherent cyclicity of the fixed-cost intensive tea industry – The tea segment's garden costs are largely fixed, with labour costs accounting for a major part of the production cost. The production and quality of tea remain vulnerable to agro-climatic conditions, pest attacks etc. Besides, the tea players remain exposed to volatility in prices due to the cyclicity in the demand-supply situation in the domestic and international markets, which may adversely impact the profitability, given the fixed-cost intensive nature of the business. The performance improved in the previous fiscal, supported by better realisations and a higher share of own production. However, the margins are estimated to decline to an extent due to a moderation in tea prices in FY2026. In Assam, the wages were increased by Rs. 30/manday in March 2026, which is expected to impact domestic tea operating profits in FY2027. However, the company plans to increase mechanised plucking and other operating efficiencies to offset the impact of the wage hike to an extent. Any large deterioration in the operating profits of the tea business, impacting the leverage and coverage metrics at the Group level will remain a key rating monitorable.

Significant geographical concentration in floor covering and furniture segments – A major portion of the Group's sales from floor covering is derived from the US. In FY2025, the US accounted for 80% of OPL's sales. The US also accounts for a significant portion of the Group's furniture sales. This exposes the floor covering and furniture segments to geographical concentration risk. However, the Group's increasing product and customer diversification partially mitigates such risks. In FY2026, despite the impact of tariff, the overall shipments have increased owing to an increase in the wallet share with the existing clients. The forex risk arising from significant exports is partially hedged by forward contracts.

Modest profitability of furniture segment; segment's performance likely to improve, going forward – The performance of the furniture segment was weak in FY2025 due to challenging market conditions, with the revenues remaining largely flat at ~Rs. 77 crore (FY2024: ~Rs 78 crore) and the operating losses at ~Rs. 12.2 crore. In 10M FY2026, the revenues stood at ~Rs 67 crore and the operating losses were at ~Rs. 5.2 crore. The segment is expected to see limited growth in FY2026 amid continued

demand slowdown, particularly in the US market, with the revenues likely to remain in the range of ~Rs. 80–85 crore and the operating losses at ~Rs. 7 crore.

Liquidity position: Adequate

The Group's liquidity position is expected to remain adequate, with the cash flow from operations along with an available liquidity of Rs. 280.27 crore as on February 28, 2026 to remain comfortable to meet the debt repayment requirement of ~Rs. 30.1 crore in FY2026. The capex requirement at the Group level is expected to be Rs. 110-115 crore in FY2026, which is likely to be met from the internal cash flow.

Rating sensitivities

Positive factors – A healthy growth in the Group's earnings that would strengthen its debt protection metrics and maintaining strong liquidity on a sustained basis may result in an upgrade.

Negative factors – A deterioration in the Group's liquidity and debt coverage metrics due to any sizeable debt-funded capex/acquisition and/or any material decline in earnings may trigger a downgrade. A consolidated external debt interest coverage of less than 6.0 times on a sustained basis may also result in a downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Tea Textiles - Fabric Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated view of LTCPL along with its subsidiaries and step-down subsidiaries, including OPL, given the financial and managerial linkages among the entities. Also, as TOPL is a joint venture, ICRA has done the proportionate consolidation of TOPL in the shareholding percentage held by OPL. The list of entities considered is mentioned in Annexure II

About the company

Luxmi Tea Company Private Limited (LTCPL) was incorporated in 1912 and has 21 tea gardens across Assam (13 gardens), West Bengal (two gardens) and Tripura (six gardens). The total area under cultivation is around 7,668 hectares (as of December 2025), of which ~79% is in Assam, followed by ~14% in Tripura and ~7% in West Bengal.

The erstwhile Group company, Makaibari Tea & Trading Private Limited (Makaibari), owner of Makaibari tea estate in Darjeeling, was merged into LTCPL with effect from April 2021. LTCPL is primarily a producer of the CTC variety of tea. LTCPL is the holding company of the Group. It has seven subsidiaries, among which three are involved in the tea business (including two foreign subsidiary having four tea estates in Africa), one in floor covering (woven) and furniture manufacturing business (with subsidiaries and step-down subsidiaries), one in real estate, one in hospitality business (under a foreign subsidiary) and another without any significant operations at present. The tea and floor covering segments are the major contributors to the Group's overall revenues and profits, while the real estate segment has been the main source of the Group's liquidity.

Key financial indicators (audited)

LTCPL	Standalone			Consolidated with proportionate consolidation of TWE	
	FY2024	FY2025	10M FY2026*	FY2024	FY2025
Operating income	436.2	467.8	428.6	1364.8	1625.6
PAT	-14.4	21.9	27.3	9.8	112.2
OPBDIT/OI	0.3%	8.1%	16.0%	8.6%	14.6%
PAT/OI	-3.3%	4.7%	6.4%	0.7%	6.9%
Total outside liabilities/Tangible net worth (times)	1.8	1.8	-	1.0	0.9
Total debt/OPBDIT (times)	231.8	11.4	-	7.0	3.4
Interest coverage (times)	0.1	1.2	2.2	1.9	3.3

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. ^in FY2025, the adjusted interest coverage is 6.1 times in proportionate consolidation of TWE financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Apr 09, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	95.00	[ICRA]A+ (Stable)	Sep 25, 2025	[ICRA]A+ (Stable)	Feb 19, 2025	[ICRA]A+ (Stable)	Dec 29, 2023	[ICRA]A+ (Stable)
				-	-	Mar 05, 2025	[ICRA]A+ (Stable)	-	-
Non-fund based - Others	Long term/Short term	25.00	[ICRA]A+ (Stable)/[ICRA]A1	Sep 25, 2025	[ICRA]A+ (Stable)/[ICRA]A1	Feb 19, 2025	[ICRA]A+ (Stable)/[ICRA]A1	Dec 29, 2023	[ICRA]A+ (Stable)/[ICRA]A1
				-	-	Mar 05, 2025	[ICRA]A+ (Stable)/[ICRA]A1	-	-
Unallocated limits	Long term/Short term	5.32	[ICRA]A+ (Stable)/[ICRA]A1	Sep 25, 2025	[ICRA]A+ (Stable)/[ICRA]A1	Mar 05, 2025	[ICRA]A+ (Stable)/[ICRA]A1	Dec 29, 2023	[ICRA]A+ (Stable)/[ICRA]A1
Fund based - Term loan	Long term	63.06	[ICRA]A+ (Stable)	Sep 25, 2025	[ICRA]A+ (Stable)	Feb 19, 2025	[ICRA]A+ (Stable)	Dec 29, 2023	[ICRA]A+ (Stable)
				-	-	Mar 05, 2025	[ICRA]A+ (Stable)	-	-
Interchangeable limits – Others*	Short term	(40.00)	[ICRA]A1	Sep 25, 2025	[ICRA]A1	Feb 19, 2025	[ICRA]A1	Dec 29, 2023	[ICRA]A1
				-	-	Mar 05, 2025	[ICRA]A1	-	-

*Sub-limit of Cash Credit (WCDL/EPC/Bill Discounting)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund based – Term loans	Simple
Long term – Fund based – Cash credit	Simple
Short term – Fund based – Interchangeable limits*	Simple
Long term/Short term – Non-fund based – SBLC/LER	Simple
Long term/Short term – Unallocated	N/A

**Sub-limit of Cash Credit (WCCL/EPC/Bill Discounting)*

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	Term loan-1	Feb 28, 2022	NA	Dec 31, 2026	6.25	[ICRA]A+ (Stable)
NA	Term loan-2	Jun 06, 2024	NA	Mar 31, 2031	56.81	[ICRA]A+ (Stable)
NA	Cash credit	NA	NA	NA	95.00	[ICRA]A+ (Stable)
NA	Fund-based –Interchangeable limits*	NA	NA	NA	(40.00)	[ICRA]A1
NA	Non-fund based –SBLC/LER	NA	NA	NA	25.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Long term/Short term – Unallocated	NA	NA	NA	5.32	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company; *Sub-limit of Cash Credit (WCCL/EPC/Bill Discounting)

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Annexure II: List of entities considered for consolidated analysis

Company name	LTCPL's ownership	Consolidation approach
Luxmi Township & Holdings Limited	84%	Full consolidation
Obeetee Private Limited (OPL)	100%	Full consolidation
Chandmani Tea Company Limited	95.41%	Full consolidation
Kalyani Tea Company Limited	92.01%	Full consolidation
Luk Hospitalities Limited	100%	Full consolidation
Silverback Tea Company Limited (STCL)	75%	Full consolidation
Makaibari Tea Estate Private Limited	100%	Full consolidation
Gisovu Tea Company Limited	(60% owned by STCL)	Full consolidation
Pfunda Tea Company Limited	(90% owned by STCL)	Full consolidation
Rugabano Tea Company Private Limited	(100% owned by STCL)	Full consolidation
TWE OBT Private Limited (TOPL)	(50% owned by OPL)	Proportionate consolidation
Obeetee Inc., USA	(100% owned by OPL)	Full consolidation
Obeetee Limited UK	(100% owned by OPL)	Full consolidation
Obeetee Italy SRL	(100% owned by OPL)	Full consolidation
Obeetee Inc., USA	(100% owned by OPL)	Full consolidation
MKB Bungalow LLP	93.60%	Full consolidation
Luxmi Tea International FZCO	75.00%	Full consolidation

Source: Company

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