January 30, 2024

Tata Coffee Limited: Ratings withdrawn

Summary of rating action

Instrument^	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/short-term fund based – Working Capital Facilities	150.00	150.00	[ICRA]AA+ rating watch with positive implications/ [ICRA]A1+; withdrawn
Total	**150.00**	**150.00**	

^Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Tata Coffee Limited (TCL), post the implementation of the Composite Scheme of Arrangement with Tata Consumer Products Limited (TCPL; [ICRA]AAA(Stable)/[ICRA]A1+), as approved by the National Company Law Tribunal's Bengaluru and Kolkata benches, resulting in the demerger/merger of TCL with TCPL and its subsidiaries with effect from January 01, 2024. The rating action is in accordance with ICRA's policy on withdrawal of credit ratings. ICRA has not reviewed the ratings at the time of withdrawal as the company now ceases to exist.

The key rating drivers and their description, liquidity position, rating sensitivities and key financial indicators have not been captured as the ratings are being withdrawn. The previous detailed rationale is available at the following link: **Click here**.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings
Parent/Group support	**Parent: Tata Consumer Products Limited (TCPL; rated [ICRA]AAA(Stable)/[ICRA]A1+)** ICRA expects TCPL to be willing to extent financial support to TCL, should there be a need, given its strategic importance to TCPL and out of its need to protect its reputation. However, ICRA does not foresee any such requirement in the near to medium term.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TCL as detailed in Annexure II.

About the company

Tata Coffee Limited (TCL) is a fully integrated coffee company with coffee plantations, coffee curing facilities, roast & ground coffee facilities and instant coffee production plants. TCL has a total area of ~8,000 hectares (Ha) under coffee cultivation in Karnataka and Tamil Nadu, ~2,400 Ha under tea cultivation and ~1.8 million pepper vines. Its instant coffee business is supported by its manufacturing plants in Toopran (Telangana) and Theni (Tamil Nadu) with an installed capacity of ~8,400 metric tonnes per annum (MTPA). TCL acquired the US-based Eight O'clock Coffee Company (EOC) in June 2006 and commissioned a 5,000 MTPA freeze-dried instant coffee plant in Vietnam in May 2019.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2024)				Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Amount outstanding as of Sep 30, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022	Date & rating in FY2021
					Jan 30, 2024	Mar 16, 2023	Apr 05, 2022	Jun 30, 2021	Jun 26, 2020
1	**Working Capital Facilities**	Long-term/ short-term	150.00	-	[ICRA]AA+ rating watch with positive implications/ [ICRA]A1+; withdrawn	[ICRA]AA+ rating watch with positive implications/ [ICRA]A1+	[ICRA]AA+ rating watch with positive implications/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+
2	**Commercial Paper**	Short-term	-	-	-	[ICRA]A1+; reaffirmed and withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/short-term fund-based – 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 Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
N.A.	**Working Capital Facilities**	NA	NA	NA	150.00	[ICRA]AA+ rating watch with positive implications/ [ICRA]A1+; withdrawn

Source: Company

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

Annexure II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
Tata Coffee Limited	100.00% (rated entity)	Full Consolidation
Consolidated Coffee Inc.	50.08%	Full Consolidation
Eight O'clock Holdings Inc.	50.08%	Full Consolidation
Eight O'clock Coffee Company	50.08%	Full Consolidation
Tata Coffee Vietnam Company Limited	100.00%	Full Consolidation

Source: TCL annual report FY2023

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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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