

July 08, 2026

## The Scottish Assam (India) Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based limit – Cash credit	5.25	5.25	[ICRA]BBB+ (Stable); reaffirmed
Long-term – Unallocated limit	5.25	5.25	[ICRA]BBB+ (Stable); reaffirmed
<b>Total</b>	<b>10.50</b>	<b>10.50</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating reaffirmation continues to consider the conservative capital structure of The Scottish Assam (India) Limited (TSAIL) with limited debt comprising only working capital loans and a healthy liquid investment portfolio, leading to a negative net-debt position (total debt-less free cash, bank balance and liquid investments). ICRA also draws comfort from the favourable age profile of TSAIL's tea bushes with ~82% of the bushes in the productive age profile of 6-50 years. This leads to high productivity, which mitigates the risks associated with the fixed-cost intensive nature of the tea plantation business to some extent.

The rating also factors in the company's focus on the production of superior quality tea that commands a significant price premium over the average market realisation. The company's above-average realisations and yield have historically supported its profitability despite an increase in the production cost in recent years due to the wage rate hike for tea estate workers. In FY2026, a decline in average realisation impacted the company's profitability. However, the availability of healthy liquid investment provides some comfort. In FY2027, the wage rates have increased by ~Rs. 30/manday, which are expected to impact the operating profitability to an extent. Nonetheless, the coverage metrics are expected to remain comfortable owing to the limited debt.

During FY2026, the promoter shareholding structure changed with the exit of the Kumar Group resulting in consolidation of ownership under the Jalan Group. The transaction did not have any material impact on the company's operational or governance profile. The company maintained a sizeable liquid investment portfolio of Rs. 65.68 crore as of FY2026. However, ICRA notes that a portion of these investments was liquidated during the year amid adverse market conditions, with the proceeds partly deployed towards extending loans and advances to unrelated parties. No incremental outflows in the form of such loans and advances are envisaged, going forward.

The rating, however, continues to be impacted by the company's modest scale of operations and the risks associated with tea, which is an agricultural commodity and depends on agro-climatic conditions. The presence of a single garden in the Upper Assam region accentuates such risks. In addition, domestic tea prices are impacted by the demand-supply situation and prices in the international market, which would continue to have a bearing on the profitability of Indian tea players, including TSAIL. Besides, the business remains vulnerable to regulatory changes, wage rate hike, etc. There have been frequent hikes in the wage rates of tea estate workers in North India in recent years, thus adversely impacting the cost structure.

The Stable outlook on the [ICRA]BBB+ rating reflects ICRA's opinion that TSAIL's sizeable liquid investments, limited reliance on external debt and efficient operations are likely to support its credit profile in the medium to long term.

## Key rating drivers and their description

### Credit strengths

**Low debt, substantial liquid investment portfolio and income to support financial profile** – TSAIL continues to have a conservative capital structure on the back of limited dependence on external debt. At present, its borrowings comprise only working capital debt. The company's total outside liabilities relative to its tangible net worth stood at 0.2 times over the last three fiscals. TSAIL's sizeable liquid investments, which stood at Rs. 65.68 crore as on March 31, 2026, have kept the company's net-debt position negative in recent years.

**Exposed to agro-climatic risks, regulatory changes, wage rate hike** – The favourable age profile of TSAIL's tea bushes, with around 82% in the age group of 6-50 years in FY2026, led to a high yield (tea produced from own estate leaves per hectare under cultivation) of its tea estate. Its yield marginally improved to 2,370 kg/hectare in FY2026 from 2,324 kg/hectare in FY2025. The high productivity supports the company's cost structure, given the fixed-cost intensive nature of the industry. The daily wage rate for tea garden workers in Assam has been revised upwards by Rs. 30, increasing from around Rs. 250 per day to approximately Rs. 280 per day effective April 1, 2026. This increase is expected to lead to a rise in employee expenses, which constitute a major portion of the overall cost structure for the company, thereby exerting pressure on the operating margins.

**Prices of Indian tea, despite better quality, remain vulnerable to price fluctuation in international market** – The company's average realisation was higher by 20-44% compared to the North Indian CTC auction averages over the last five years, reflecting the superior quality of its tea. In FY2026, the company's average realisation for CTC tea stood at Rs. 253/kg, ~20% higher than the North Indian CTC auction average during the same period.

### Credit challenges

**Modest scale of current operations** - The company's scale of operations remains modest as it operates only through one garden in Upper Assam. In addition to producing tea from its own garden, the company manufactures tea from bought leaf, which accounts for a small portion (7% in FY2026) of its overall production.

**Exposure to agro-climatic risks, regulatory changes and wage rate hikes** - The profitability and cash flows of bulk tea producers remain volatile owing to the risks associated with tea being an agricultural commodity as the production volume and quality depend on agro-climatic conditions, pest attacks, etc. Such risks are accentuated by the geographical concentration of TSAIL's operations, with a single garden in the Upper Assam region. The inherent cyclicity of the fixed-cost intensive tea industry leads to variability in the profitability and cash flows of bulk tea producers, such as TSAIL. The sector also remains vulnerable to regulatory changes and wage rate hike by the Government. The basic daily wage of the tea estate workers in Assam has been increased at regular intervals in recent years, thus increasing the company's cost of production.

**Prices of Indian tea, despite its better quality, remain vulnerable to price fluctuation in the international market** – The tea industry has a large consumption base in India. Nevertheless, exports play a vital role in maintaining the overall demand-supply balance. Healthy export realisations are crucial for maintaining the domestic realisations, as unremunerative prices in the export market may prompt exporters to dump their produce in the local market. This, in turn, would exert pressure on domestic prices despite the better quality of Indian tea. Hence, the demand-supply situation in the global tea market, in ICRA's opinion, would continue to have a bearing on the realisations and profitability of Indian players, including TSAIL.

### Liquidity position: Strong

The company's liquidity is likely to remain Strong. In FY2026, there was a notable decline in its cash flow from operations to Rs. -0.5 crore from Rs. 5.1 crore in FY2025, due to lower realisation. However, TSAIL does not have any long-term debt at present, and it maintains a moderate cushion in its working capital limits. Further, the company's liquidity is supported by

sizeable liquid investments, which stood at Rs. 65.68 crore as on March 31, 2026. TSAIL does not have any major capex plans. Its internal accruals will be sufficient to fund the normal capex requirements.

## Environmental and social risks

**Environmental considerations:** Tea, being an agricultural commodity, is susceptible to agro-climatic risks, with the production and quality of tea primarily dependent on rainfall, temperature and humidity. Among the different climatic factors, rainfall plays the most important role. Though these environmental factors pose supply-side risks, the demand side risks are largely protected as tea is one of the most popular, widely consumed and low-cost beverages. Adverse environmental conditions may potentially affect tea productivity, the extent of irrigation and pest control activities required, etc., thereby resulting in revenue loss and/or an increase in the cost of production, in turn, resulting in margin contraction. ICRA considers such risks to be inherent in the tea production business.

**Social considerations:** Tea production is highly manpower intensive. A large proportion of the population, particularly women, is involved as workforce for tea production in the major tea producing regions in the country. The stakeholders of a tea production business include, inter alia, local communities and Government authorities, which influence the operating environment of the business. The wage rates for tea estate workers are regulated by the Government and are revised regularly as the level of wages and welfare costs for tea estate workers have significant socio-economic implications. Tea-estate costs are primarily fixed, with labour-related costs accounting for a significant portion of the production cost. Hence, any material increase in wage rates may adversely impact the cost structure of tea producers, impacting the margins. The shortage of workers, due to diminishing interest in the garden-based field work on the back of sociological changes, remains a concern.

## Rating sensitivities

**Positive factors** – ICRA may upgrade TSAIL’s rating if the company is able to achieve a substantial increase in its scale of operations without any significant weakening of its liquidity, profitability and debt protection metrics on a sustained basis.

**Negative factors** – Pressure on TSAIL’s rating may arise if a significant decline in profitability and/or an adverse industry scenario affects its credit profile or if its liquidity position weakens. A deterioration in the company’s interest coverage below 4 times on a sustained basis may also trigger a rating downgrade.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Tea</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of the company.

## About the company

The Scottish Assam (India) Limited (TSAIL), incorporated in 1977, owns a tea garden in the Jorhat district of Assam. At present, the company’s tea estate is spread over a planted area of around 632 hectares. TSAIL manufactures black tea from green leaves obtained from its own garden as well as from bought leaves, though in a small proportion (7% production from bought leaves in FY2026). The company mainly manufactures crush, tear and curl (CTC) variety of black tea. It also produces orthodox tea from bought leaves.

**Key financial indicators (audited)**

<b>The Scottish Assam (India) Limited</b>	<b>FY2025</b>	<b>FY2026</b>
<b>Operating income</b>	45.0	41.0
<b>PAT</b>	9.8	2.1
<b>OPBDIT/OI</b>	13.4%	1.1%
<b>PAT/OI</b>	21.8%	5.2%
<b>Total outside liabilities/Tangible net worth (times)</b>	0.2	0.2
<b>Total debt/OPBDIT (times)</b>	0.7	12.3
<b>Interest coverage (times)</b>	24.6	1.8

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

Instrument	Type	Current (FY2027)		Chronology of rating history for the past 3 years						
		Amount rated (Rs. crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	5.25	July 08, 2026	[ICRA]BBB+ (Stable)	June 11, 2025	[ICRA]BBB+ (Stable)	-	-	02-JUN-2023	ISSUER NOT COOPERATING*
			-	-	-	-	-	-	13-JUN-2023	[ICRA]BBB+ (Stable)
			-	-	-	-	-	-	07-MAR-2024	[ICRA]BBB+ (Stable)
Unallocated limit	Long term	5.25	July 08, 2026	[ICRA]BBB+ (Stable)	June 11, 2025	[ICRA]BBB+ (Stable)	-	-	02-JUN-2023	[ICRA]BBB+ (Stable) ISSUER NOT COOPERATING*
			-	-	-	-	-	-	13-JUN-2023	[ICRA]BBB+ (Stable)
			-	-	-	-	-	-	07-MAR-2024	[ICRA]BBB+ (Stable)

\*Due to non-submission of monthly no-default statement

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(§) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash credit	Simple
Long-term – Unallocated limit	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 II: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit	NA	NA	NA	5.25	[ICRA]BBB+ (Stable)
NA	Unallocated limit	NA	NA	NA	5.25	[ICRA]BBB+ (Stable)

Source: Company

**Annexure III: List of entities considered for consolidated analysis – Not applicable**

## ANALYST CONTACTS

**Girishkumar Kashiram Kadam**

022-61143406

[girishkumar@icraindia.com](mailto:girishkumar@icraindia.com)

**Ankit Jain**

+91 124 4545 865

[ankit.jain@icraindia.com](mailto:ankit.jain@icraindia.com)

**Sumit Jhunjunwala**

+91 33 6521 6814

[sumit.jhunjunwala@icraindia.com](mailto:sumit.jhunjunwala@icraindia.com)

**Soumya Satapathy**

+91 33 6521 6809

[soumya.satapathy@icraindia.com](mailto:soumya.satapathy@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## 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.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.