

July 09, 2026

## Kanan Devan Hills Plantations 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 loan	33.00	35.00	[ICRA]A- (Stable); reaffirmed
Long-term - Fund based – Working capital/ Cash credit	122.00	110.19	[ICRA]A- (Stable); reaffirmed
Short-term - Fund based – Interchangeable	(111.00)	(106.00)	[ICRA]A2+; reaffirmed
Short-term - Non-fund based – Interchangeable	(26.00)	(23.69)	[ICRA]A2+; reaffirmed
Long-term/short-term – Unallocated	-	9.81	[ICRA]A- (Stable)/ [ICRA]A2+; reaffirmed
<b>Total</b>	<b>155.00</b>	<b>155.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The ratings reaffirmation for Kanan Devan Hills Plantations Company Private Limited (KDHP) considers its established presence in the domestic bulk tea industry with a sizeable scale of operations and strong operational and financial linkages with Tata Consumer Products Limited (TCPL, rated at [ICRA]AAA/Stable/[ICRA]A1+). KDHP is a Tata Group Company, where TCPL holds 28.52% of the equity base. Further, two Trusts hold 28.47% of the equity base. TCPL has also supported the entity by providing unsecured loans, as and when required. Over the years, the entity has increased its non-tea revenue, which offset the subdued performance of the bulk tea business to an extent. The non-tea business is likely to grow at a steady rate, thus supporting the performance in FY2027.

The ratings also factor in the recovery in the entity's performance in FY2026, following the weaker performance in FY2025. In FY2026, the entity's operating profits improved to Rs. 26.57 crore over Rs. 7.89 crore in FY2025. Further, the blended tea realisation increased by ~Rs. 14/Kg in FY2026 compared with FY2025. The improvement in performance was largely driven by internal operational efficiencies and product mix optimisation. ICRA also notes that significant contributions from other operations like consultancy services, retail and tourism operations, supported the overall profits of the entity, while the bulk tea business witnessed significant pressure on margins. In 3M FY2027, the tea production stood at 6 Mkg. The realisation remained firm and increased by ~Rs. 12/kg in 2M FY2027. The sustenance of higher production and firm realisation would be critical and remains the key rating sensitivity going forward, as the wage cost has increased in SI and the impact on the company is likely to be around Rs. 40 crore. Any under recovery in production and lower realisation are likely to adversely impact the operating profits and consequently the leverage and coverage indicators for the company.

The ratings are, however, constrained by KDHP's moderate profits generated over the years, resulting in modest debt coverage indicators. The current fiscal's performance is expected to moderate owing to hike in wage rates. The ratings are also impacted by geographical concentration risk, agro-climatic conditions, as well as the inherent cyclicity of the fixed-cost intensive tea industry that results in variability of profitability and cash flows of all bulk tea producers, including KDHP. In addition, Indian tea is essentially a price taker in the international market and, hence, global supply-demand dynamics would continue to have a bearing on the domestic price levels to some extent. Nevertheless, the company's focus on quality, as demonstrated by significant premium commanded over the South India (SI) auction averages and support from the non-tea segments are likely to support the business profile, going ahead.

The Stable outlook on the long-term rating reflects ICRA's opinion that KDHP would be able to improve its revenues and profitability through improvement in tea production and realisation along with cost-optimisation initiatives, leading to an expected improvement in debt protection metrics.

## Key rating drivers and their description

### Credit strengths

**Strength derived from KDHP's linkages with TCPL** – The ratings of KDHP draw comfort from the implicit support derived from its strong operational and financial linkages with TCPL. The tea plantation gardens managed by KDHP have been given on a long-term lease by TCPL, which holds a 28.5% stake in KDHP. Further, a considerable portion (18% in FY2026) of KDHP's tea is sold to TCPL, to which KDHP has been supplying since its inception. TCPL sources a large portion of its South Indian tea requirements from KDHP, which is also the supplier of green leaf to TCPL's instant tea division in Munnar. The company's strategic importance to TCPL and financial flexibility derived from it, strengthen KDHP's credit profile. Based on KDHP's liquidity position, TCPL allowed deferment of loan repayments and extended advances for purchases made from KDHP in the past.

**Established position as a prominent bulk tea player in South India** – KDHP is an established player in the domestic bulk tea industry and is the largest plantation company in South India. Its total tea production in FY2026 stood at 22.3 million kg (Mkg), out of which almost 8% was produced from bought leaves. The company produces about 10% of the overall south Indian tea and its average realisations attract a considerable premium to the regional auction averages, reflecting relatively better quality of tea produced.

**High productivity of tea estates despite adverse age profile of bushes** – KDHP's garden costs are largely fixed, in line with that of the industry, with labour costs accounting for major part of the production cost. The risks associated with the high fixed-cost nature of the industry are mitigated, to an extent, by the high productivity level of KDHP's estates and processing units, reflected by the yield of around Rs. 2,388 kg/hectare of area under cultivation and an outturn ratio of 24.98% in FY2026. Nevertheless, the age profile of its tea bushes remains adverse, with around 75% of the bushes being more than 80 years old, necessitating continuous investment towards replantation. ICRA notes that the company has been taking specific steps to address the problem by following a definite annual replantation policy. Also, the yields have been supported by increasing acreage under high-yielding clones and other focused efforts taken towards sustaining productivity.

### Credit challenges

**Exposed to geographical concentration risks** – The company operates seven tea estates, all of which are in Munnar, Kerala. This exposes KDHP to significant geographical concentration risks. Nevertheless, proximity of the tea estates to each other lends operational flexibility to an extent.

**Risks associated with tea for being a cyclical agricultural commodity; continuous increase in wage rates exerts pressure on cost structure** – Tea production depends on agro-climatic conditions which subject it to agro-climatic risks. Moreover, tea-estate costs are primarily fixed, with labour-related costs, which are independent of the volume of production, accounting for the major portion of the production cost. Hence, the inherent cyclicity of the fixed-cost intensive tea industry results in variability of profitability and cash flows of bulk tea producers, such as KDHP. The wage rates increase after an interval of three years. The profitability in FY2027 is expected to moderate compared to FY2026, primarily due to a significant increase in wage costs. The total impact of wage revisions is estimated at approximately Rs. 40 crore including post-retirement liabilities. Any significant increase in wage rates without a commensurate hike in tea realisations would be credit negative.

**Realisation in domestic market remains vulnerable to export market performance of Indian tea** – The exports are vital in maintaining the overall demand-supply balance in the domestic tea market, despite India's large domestic consumption base. A healthy export realisation is also crucial for maintaining domestic realisations as unremunerative prices in the export market may lead to exporters dumping the produce in the domestic market, which in turn would exert pressure on domestic prices despite the better quality of Indian tea.

## Liquidity position: Adequate

The company's liquidity position is likely to remain Adequate. Its cash flow from operations (CFO) is expected to remain comfortable going forward. The company is likely to incur a capex of Rs. 15-20 crore in FY2027. Its annual debt repayment obligation for FY2027 stands high at ~Rs. 4.58 crore. Nevertheless, the sizeable undrawn working capital limit (around Rs. 71 crores of unutilised limits as of March 2026) is likely to support its liquidity. Besides, the financial flexibility derived from the company's linkages with TCPL, as reflected by the funding support received from the latter, is likely to support KDHP's liquidity.

## Rating sensitivities

**Positive factors** – The ratings can be upgraded if the company is able to register a significant growth in its revenues and profitability, thereby leading to considerable improvement in its leverage, coverage indicators and liquidity position.

**Negative factors** – Pressure on KDHP's ratings may arise if there is deterioration in the credit profile of TCPL, and/or weakening of the operational and financial linkages with it. Also, a further sharp decline in the revenue and profitability, thus weakening KDHP's credit profile on a sustained basis, could also be a credit negative.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Tea</a>
Parent/Group support	Parent/ Group Company: Tata Consumer Products Limited (TCPL) Implicit support from Tata Consumer Products Limited (TCPL), rated [ICRA]AAA (Stable) has been considered due to the management and financial linkages between the two companies.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of the company

## About the company

KDHP, incorporated in 2005, took over the operations of South Indian tea plantations of the erstwhile Tata Tea Limited (now TCPL) and became the largest tea plantation company in South India. The company has taken the land holdings on lease, including the tea gardens from TCPL, for 30 years (valid till FY2035).

In FY2026, KDHP produced 22.28 Mkg of tea, including 1.84 Mkg from bought-leaf operations. KDHP has seven tea estates (spread across nearly 9,000 hectares of area under cultivation), all located within Munnar in Kerala, and has 16 factories that produce a variety of tea. It produces both the CTC and orthodox varieties of tea. The proportion of the orthodox tea sales volume in FY2026 stood at 31%.

The company is one of the largest exporters of tea from South India and generates a portion of its sales (13% in FY2026 by volume) through the marketing of its packet tea brand (Ripple) in Kerala. In addition, KDHP manages six tea estates of Tata Coffee and two tea estates of TCPL.

The company is also involved in the tourism business in Munnar. It runs a few bungalows/cottages and tourists can visit its tea museum and factories. The company sells spices, medicinal and aromatic products through various outlets and runs a petrol pump in Munnar.

**Key financial indicators (audited)**

KDHP Standalone	FY2025	FY2026
Operating income (Rs. crore)	510.5	499.2
PAT (Rs. crore)	-11.2	2.3
OPBDIT/OI (%)	1.5%	5.3%
PAT/OI (%)	-2.2%	0.5%
Total outside liabilities/Tangible net worth (times)	1.8	1.7
Total debt/OPBDIT (times)	11.3	3.0
Interest coverage (times)	0.7	3.2

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**

Instrument	Type	Current (FY2027)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	FY2027	FY2026	FY2025		FY2024		
			Jul 09, 2026	Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	35.00	[ICRA]A- (Stable)	Jul 23, 2025	[ICRA]A- (Stable)	Aug 13, 2024	[ICRA]A- (Stable)	Jul 20, 2023	[ICRA]A- (Stable)
Fund based – Working capital/ Cash credit	Long-term	110.19	[ICRA]A- (Stable)	Jul 23, 2025	[ICRA]A- (Stable)	Aug 13, 2024	[ICRA]A- (Stable)	Jul 20, 2023	[ICRA]A- (Stable)
Fund based – Interchangeable	Short-term	(106.00)	[ICRA]A2+	Jul 23, 2025	[ICRA]A2+	Aug 13, 2024	[ICRA]A2+	Jul 20, 2023	[ICRA]A2+
Non-fund based - Interchangeable	Short-term	(23.69)	[ICRA]A2+	Jul 23, 2025	[ICRA]A2+	Aug 13, 2024	[ICRA]A2+	Jul 20, 2023	[ICRA]A2+
Unallocated limit	Long-term/short-term	9.81	[ICRA]A- (Stable)/ [ICRA]A2+	-	-	-	-	-	-

**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 – Term loan	Simple
Long term - Fund based – Working capital/Cash credit	Simple
Short term - Fund based – Interchangeable	Simple
Short term - Non-fund based – Interchangeable	Simple
Long term/Short term – Unallocated	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	Fund based – Term loan	Feb 2023	NA	Jan 2031	23.00	[ICRA]A- (Stable)
NA	Fund based – Term loan	Mar 2026	NA	Mar 2031	12.00	[ICRA]A- (Stable)
NA	Fund based – Working capital/Cash credit	NA	NA	NA	110.19	[ICRA]A- (Stable)
NA	Fund based – Interchangeable	NA	NA	NA	(106.00)	[ICRA]A2+
NA	Non-fund based – Interchangeable	NA	NA	NA	(23.69)	[ICRA]A2+
NA	Unallocated	NA	NA	NA	9.81	[ICRA]A- (Stable)/ [ICRA]A2+

Source: Company

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

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

## ANALYST CONTACTS

**Girishkumar Kadam**  
+91 22 6114 3441  
[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



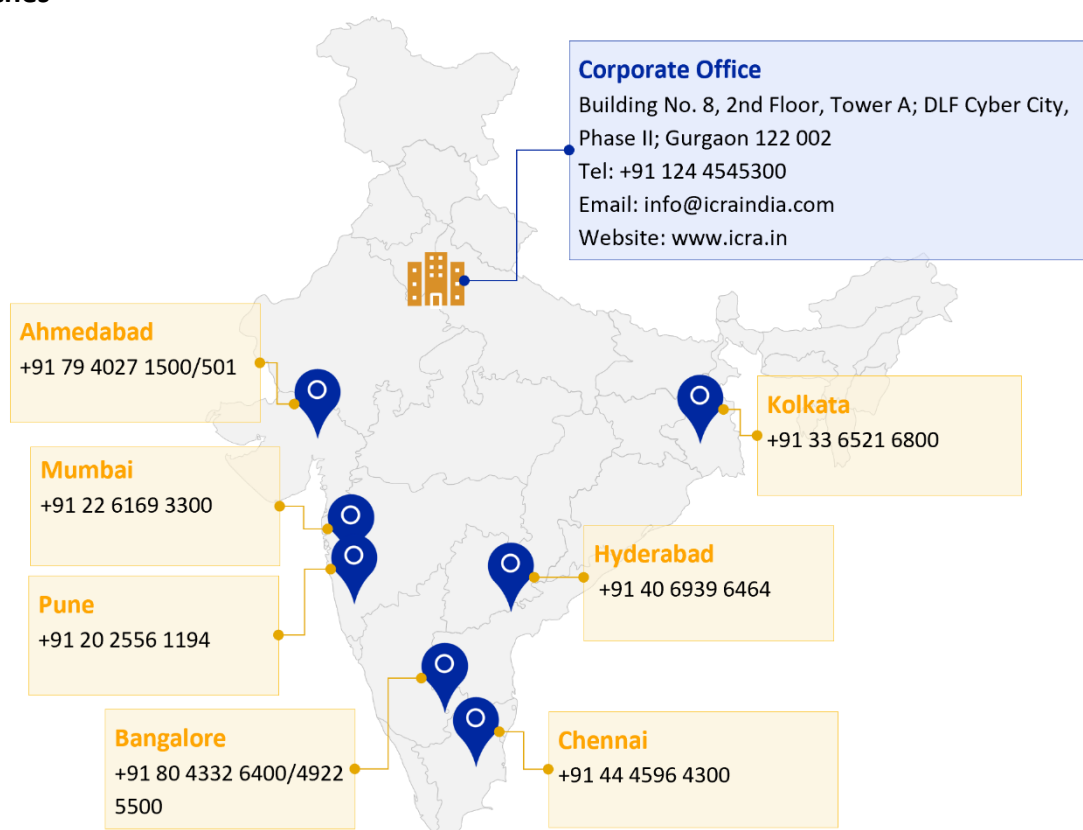
### Registered Office

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.