

Dhunseri Tea & Industries Limited

October 10, 2025

Facilities	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term bank facilities	148.93 (Reduced from 153.20)	CARE A; Stable	Reaffirmed
Short-term bank facilities	0.50	CARE A2+	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Dhunseri Tea & Industries Limited (DTIL) continues to benefit from the extensive experience of its promoters and the company's established track record in the tea industry. Ratings also derive significant comfort from the group's liquidity, which includes cash and liquid investments in mutual funds and listed securities. The promoter group has demonstrated support by infusing unsecured loans on need basis. The company has also generated cashflow through the sale of its tea gardens and factories to support its liquidity needs.

Ratings consider subdued financial performance in FY25 (refers to April 01 to March 31) with improvement in Q1FY26 on y-o-y basis. Overall operating profit remained subdued in FY25 despite higher tea realisation, in view of production loss due to climate-based challenges and pest attacks in the recently acquired tea gardens. Performance of its overseas subsidiaries continues to be affected due to lower realisation of macadamia. The continued weak performance has led to an increase in debt level and weakening debt coverage indicators. However, comfort is drawn from improvement in the company's financial performance in Q1FY26 on a y-o-y basis. Sustained improvement in financial performance shall remain crucial going forward.

Ratings are further constrained by DTIL's moderate scale of operations, labour-intensive nature of the tea industry with increasing wage cost, and susceptibility of tea and macadamia businesses to agro-climatic risks. Ratings also consider volatility in macadamia prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial improvement in the scale of operations with benefit from acquired tea gardens.
- Improvement in the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin beyond 12% on a sustained basis.

Negative factors

- Increase in debt leading to overall gearing above 1x on a sustained basis.
- Delay in receipt of need-based support from the promoter group.

Analytical approach: Consolidated

Consolidated, factoring strong financial flexibility being part of the Dhunseri group. Subsidiaries are in similar line of business with common management and financial support extended by DTIL in the form of Standby Letter of Credit to one of its subsidiaries. Entities getting consolidated are listed under Annexure-6. Ratings also consider substantial liquidity available at the group level, providing financial flexibility.

Outlook: Stable

The stable outlook reflects the strong financial flexibility available to the company being part of the Dhunseri group and demonstrated successful track record of managing their tea business, which is expected to continue going forward.

Detailed description of key rating drivers:

Key strengths

Experience of promoters and established track record of the company in the tea industry

DTIL is part of the Dhunseri group, which has been carrying on the tea business for over five decades. Despite the tea industry passing through several bad phases in the last few decades, promoters have demonstrated a successful track record of managing their tea business. C. K. Dhanuka, Chairman and MD of the company, is one of the reputed industrialists of Kolkata with long experience in the tea industry. The promoter group is ably supported by an experienced management team. Ratings derive

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

significant comfort from available liquidity at the group level (in Dhunseri Investment Limited) aggregating ~₹1,200 crore as on March 31, 2025, in the form of cash and liquid investments in mutual funds and listed securities.

DTIL currently has 10 tea estates and 10 tea factories, producing quality tea. The company sells tea via auctions, private sales through intermediaries and packaged tea.

Satisfactory operational parameters with satisfactory recovery rate

DTIL has been efficiently carrying out operations across its tea gardens (10) in Assam, where the quality of black tea is superior compared to the rest of India. Domestic average tea yield decreased to ~1640 kg per hectare in FY25 compared to ~1831 kg per hectare in FY24, due to adverse weather conditions resulting in crop loss. Tea production decreased from 13.10 million kg in FY24 to 11.73 million per kg in FY25 considering pest issue in new tea estates, climate-based challenges and sale of Dilli Tea Estate (capacity of 0.60 million kg). Yield improved significantly to 2011 kg per hectare in Q1FY26 against 1100 kg per hectare in H1FY25. Tea production level stood at 3.46 million kg in Q1FY26.

Average recovery rate (ranging from 22.55% to 23.76% over FY21-FY25 and Q1FY26) for the company has been in line with the industry average of ~22%.

Production in its overseas subsidiary increased with tea production at 9.16 million kg in CY24 against 7.35 million kg in CY23. However, production of macadamia nuts reduced from 0.55 million kg in CY23 to 0.47 million kg in CY24. Tea production in Q1FY26 stood at 3.14 million kg with macadamia nuts at 0.32 million kg.

Comfortable capital structure despite weak debt protection metrics

Debt level increased as on March 31, 2025, largely to fund operational losses. However, DTIL continues to have a healthy net worth base. Overall gearing stood comfortable at 0.50x as on March 31, 2025 (0.51x as on March 31, 2024). Interest coverage ratio and total debt/PBILDT continued to remain vulnerable in FY25 due to losses at operating level.

Debt coverage indicators though improved in Q1FY26 with interest coverage of 5.57x (Q1FY25: 1.31x), however, given the seasonality of the industry, Q1 and Q2 are healthy quarters and thereby coverage achieved are higher and skewed. With Q4 being a cost bearing quarter, these metrics are likely to moderate for FY26.

Liquidity: Adequate

In view of losses in FY25, the company managed its capex and other liquidity needs from selling liquid investments and loss-making tea assets apart from higher utilisation of working capital limits. In FY25, the company sold the Dilli Tea estate for ~₹35 crore and sale of Jaipur Factory for ~₹20 crore, proceeds from which supported overall cash flows. There has been fund infusion from promoter group to support overall liquidity, with ₹14.39 crore outstanding as on March 31, 2025. These funds have been provided largely to support overall liquidity profile amidst operational losses. Financial flexibility due to DTIL being part of the CK Dhanuka group and need-based fund infusion from the group aids its liquidity.

Average fund-based working capital limit utilisation remained moderate at 65% for 12 months ended July 2025, providing adequate liquidity buffer. The company does not have significant capital expenditure plans in the medium term.

Key weaknesses

Subdued performance in FY25 despite recovery in Q1FY26

DTIL achieved an increase in its consolidated TOI by 15% y-o-y from ₹395.42 crore in FY24 to ₹456.38 crore in FY25 due to increase in domestic tea sales realisation, partly offset by decline in sale volume. On a standalone level, while sales volume moderated by ~10% owing to lower production amidst weather challenges, realisation increased by over 22% considering steady demand and challenges in supply given erratic monsoons. Despite having higher revenue, a decrease in sales volume, crop loss and higher wage rate led to operational losses. This and loss from overseas operations, led to consolidated operating loss of ₹18.06 crore in FY25 (PY operating loss: ₹86.36 crore).

While in Q1FY26, the company has partially recovered its profitability with PBILDT reported at ₹24.06 crore against ₹6.64 crore in Q1FY25, backed by increase in tea realisation amidst steady volumes and no major forex losses, sustaining such profit levels may remain a challenge given the seasonal nature of its business. Overall financial performance for FY26 is expected to improve with improved production levels and restructuring garden by disposing of loss-making assets. The company continues to incur losses in its subsidiaries, which further impact overall profitability at a consolidated level.

Labour intensive nature of tea industry

The inherent nature of the domestic tea industry makes it highly labour intensive, with wage cost entailing ~45-50% of total cost of sales. Therefore, steep upward revision in wages has an adverse impact on PBILDT margin of bulk tea players. However, labour cost in its African subsidiaries is relatively low, hence its overall impact on the PBILDT margins, are somewhat moderated at a consolidated level.

Inherent agro-climatic risks

DTIL's profitability is highly susceptible to vagaries of nature as all its domestic tea gardens are concentrated in Assam. Although Assam is the largest tea-producing state in India, it has witnessed erratic weather conditions in the last years. In FY25, it had pest infestation in new estates and erratic weather conditions resulted in lower output. DTIL's international tea gardens in Africa, are also susceptible to vagaries of nature.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Consolidation Approach](#)

[Notching by Factoring Linkages in Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Agricultural food & other products	Tea & coffee

DTIL is engaged in growing and cultivating tea across 10 tea estates in Assam, having a cumulative production capacity of 11.40 million kg per annum. DTIL also has two tea estates named 'Makandi' and 'Kawalazi' in Malawi, South Africa (where DTIL had acquired [100% stake] in FY13 through its Singapore-based wholly owned subsidiary, 'Dhunseri Petrochem and Tea Pte Limited'). The cumulative production capacity of these two estates is 11.60 million kg per annum. Apart from tea, the Malawi estates also produce macadamia (installed capacity of 0.60 million kg per annum).

In FY23, DTIL sold the Khagorijan Tea Estate, and it acquired five tea estates in Assam. In FY24, the company sold Shivani tea factory and Hatibari tea factory while in FY25, company has sold Dilli Tea estate and Jaipur Factory. The company also sold its Deohall estate in H1FY26.

Brief Financials (₹ crore) - Consolidated	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	395.42	456.38	114.98
PBILDT	-86.39	-18.06	24.06
PAT	-141.10	-20.05	14.35
Overall gearing (times)	0.51	0.50	NA
Interest coverage (times)	NM	NM	5.57

A: Audited UA: Unaudited; NA: Not Available; NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	125.00	CARE A; Stable
Fund-based - ST-Bank Overdraft		-	-	-	0.50	CARE A2+
Non-fund-based - LT-Standby Letter of Credit		-	-	30-06-2029	15.73	CARE A; Stable
Term Loan-Long Term		-	-	31-12-2030	8.20	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	125.00	CARE A; Stable	-	1)CARE A; Stable (09-Jan-25) 2)CARE A+; Negative (05-Jun-24)	1)CARE A+; Stable (27-Dec-23)	1)CARE A+; Stable (30-Sep-22)
2	Non-fund-based - LT-Standby Letter of Credit	LT	15.73	CARE A; Stable	-	1)CARE A; Stable (09-Jan-25) 2)CARE A+; Negative (05-Jun-24)	1)CARE A+; Stable (27-Dec-23)	1)CARE A+; Stable (30-Sep-22)
3	Term Loan-Long Term	LT	8.20	CARE A; Stable	-	1)CARE A; Stable (09-Jan-25) 2)CARE A+; Negative (05-Jun-24)	1)CARE A+; Stable (27-Dec-23)	1)CARE A+; Stable (30-Sep-22)
4	Non-fund-based - LT-Bank Guarantee	LT	-	-	-	-	1)Withdrawn (27-Dec-23)	1)CARE A+; Stable (30-Sep-22)
5	Fund-based - ST-Bank Overdraft	ST	0.50	CARE A2+				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Bank Overdraft	Simple
3	Non-fund-based - LT-Standby Letter of Credit	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

S. No.	Name of the Companies	Extent of consolidation*	Rationale for consolidation
1	Dhunseri Petrochem & Tea Pte Ltd.	Full	Subsidiary
2	Makandi Tea & Coffee Estates Ltd.	Full	Step-down subsidiary
3	Kawalazi Estate Company Ltd.	Full	Step-down subsidiary
4	Dhunseri Mauritius Pte Ltd.	Full	Step-down subsidiary
5	A.M. Henderson & Sons Ltd.	Full	Step-down subsidiary
6	Chiwale Estate Management Services Ltd.	Full	Step-down subsidiary
7	Ntimabi Estate Limited	Full	Step-down subsidiary

*as on March 31, 2025

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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