

Harrisons Malayalam Limited

February 17, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	107.22 (Enhanced from 93.14)	CARE BBB; Stable	Reaffirmed; Outlook revised from Negative
Short-term bank facilities	9.26	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Harrisons Malayalam Limited (HML) continues to derive strength from the company being part of the Rama Prasad Goenka Group (RPG)/RP-Sanjiv Goenka Group (RP-SG) and the promoters and management's experience in the plantation business. Ratings further derive strength from the company's standing in the tea and rubber industry, being the single-largest producer of rubber in the country and the second-largest producer of tea in South India; secure market for its centrifuged latex; and its established corporate relationships in the tea business.

Ratings positively factor the improvement in operational performance in FY25 and H1FY26 backed by sustenance of rubber and tea prices, improved tea yields, and comfortable capital structure.

Ratings are also constrained by operations being exposed to vagaries of nature and global demand-supply dynamics, volatile commodity prices, and increasing labour costs with operations being labour-intensive.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Sustainably improving turnaround in the tea and rubber business, maintaining return on capital employed (ROCE) above 15% and interest coverage ratio (ICR) above 3x.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Total debt to profit before, depreciation, interest, and taxation (TD/PBDIT) of over 5x or total outside liabilities to tangible net worth (TOL/TNW) of over 2.5x, on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) had earlier assigned a Negative outlook to the rating, driven by sustained losses in the tea segment arising from tea prices remaining below the cost of production. However, based on the recovery in the performance of the tea segment in FY25 and H1FY26 supported by an improvement in realisations and yield, CareEdge Ratings has revised the outlook to Stable. With improvement in rubber prices, the operating performance is expected to remain stable over the medium term.

Detailed description of key rating drivers

Key strengths

Improvement in operational performance in FY25 and H1FY26

Tea: Tea contributed 43% of HML's total operating income (TOI) in FY25 compared to 47% in FY24.

Sales volumes declined by 27% in FY25 to 10.88 thousand tonnes per annum. However, owing to a drop in tea production across India, HML benefited from a 20% improvement in realisations to ₹169/kg, which helped moderate losses. In H1FY26, yields improved to 1,970 kg/ha from 1,560 kg/ha in H1FY25, supported by favourable weather conditions in April 2025. Improved yields, and sustained realisations of ₹170/kg in H1FY26, further reduced losses in the tea segment.

Rubber: Rubber sales contributed to 57% of TOI in FY25 (FY24: 54%). Sales volume dropped by 7% in FY25 to 11.88 thousand MT, which was offset by an increase in realisation of 14.5% leading to growth in TOI from rubber to ₹297 crore in FY25 (PY: ₹255

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

crore). The company earns tree felling income on selling old rubber trees when they are cut down in replanting, which attracts a higher margin.

Replantation activities were elevated in FY21-FY24 leading to higher contribution of tree felling income in those years. However, tree felling income is expected to normalise going forward, which might lead to a drop in profitability from rubber segment.

Tourism: HML is expanding its tourism segment by developing new bungalows into experiential stays in its tea estate. Currently, the company has one such bungalow operational, managed by CGH Earth in Lockhart. Tourism income stood at ₹5.34 crore in FY25 and ₹2.49 crore in H1FY25. HML is in the process of developing four more bungalows, two each in Suryanelli and Nilgiris.

Promoters and management experience in plantations business

HML is a part of the RPG/RP-SG group of companies. The groups are business conglomerates with diverse business activities, including presence in tyres, power transmission, electricity distribution, retail, IT, pharmaceuticals among others, Santosh Kumar and Cherian M George are the company's current whole-time directors, who each have over 25 years of experience in plantation and allied businesses.

Comfortable financial risk profile

The company's capital structure remains comfortable, with overall gearing at 0.67x as on March 31, 2025, largely stable compared to 0.68x in the previous year. As on March 31, 2025, HML's debt comprised ~₹66 crore of term loans and ₹29 crore of working capital borrowings. During FY25, a term loan of Rs. 35 crores were sanctioned, of which Rs. 28.61 crores were availed during the year, while the balance Rs. 6.39 crores is expected to be availed in FY26. ₹25 crore of the sanctioned term loan is expected to go toward replantation, and the rest will fund the development of bungalows for tourism purposes. Despite the planned debt availment, HML expects its capital structure to remain comfortable and broadly at FY25 levels.

Key weaknesses

Declining mature area in rubber plantation

Mature area in rubber plantation has been reducing over the years where total mature area as a percentage of total area declined from 74.31% in FY21 to 55.7% in H1FY26. Due to litigations, the company was unable to perform replantation activities from 2014 to 2019. Since rubber trees take up to ~7 years to mature, mature area has reduced. Mature area is expected to improve from FY27 onwards.

Labour and working capital intensive industry

The company's operations are highly labour- or human capital-based, which make up ~44% of the company's total cost through contract cost, salaries and wages, and employee welfare facilities, among others. Increase in wage cost and increase in other production cost has impacted profitability of the tea segment over the years.

Exposure to agro-climatic risk and susceptibility to price volatility

Tea and rubber are agricultural commodities, exposing HML to agro-climatic and price volatility risks. Moreover, the cost associated in production of tea is primarily fixed, mainly in terms of labour cost, which increases irrespective of production volume. This fixed cost-intensive nature of the industry leads to variability in the company's profitability and cashflows. Rainfall plays a vital role in rubber cropping and tea quality. Erratic rainfall can potentially impact the company's productivity, which in turn, affects profitability margins. Domestic commodity prices are influenced by international prices, which impacts the demand-supply situation and leads to price fluctuations in domestic market.

Liquidity: Adequate

Liquidity of the company is adequate marked by expected accruals of ~₹26 crore in FY26 against term debt obligation of ₹14.02 crore. Average working capital utilisation for past 12 months ended December 2025 stood at 56%. Liquidity position improved in H1FY26 as the company recorded ₹9.6 crore profit on sale of property.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

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](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Rubber

Incorporated in 1978, HML is one of the oldest plantation companies in South India, having a history of over 150 years. Up to 1984, the company was part of a UK-based speciality chemicals company before RPG Enterprises took over. HML is the single-largest producer of rubber in India's corporate sector, having production capacity of over 13 million kg. HML is also the second-largest producer of tea in South India, having production capacity of 23 million kg. HML has a cultivated area of ~13,500 hectares in tea and rubber. The company's operations are spread across 24 estates – 11 rubber estates and 13 tea estates, of which, two tea estates are in Tamil Nadu and the rest are in Kerala. HML has eight rubber factories and 12 tea factories, and several blending and processing units across Kerala, Karnataka, and Tamil Nadu. Products under rubber range from concentrated rubber latex, crepe, block, and sheet rubber forms, whereas under tea, it ranges from CTC tea to orthodox tea. HML belongs to the RPG/RP-SG group, which has interests in tyres, power, transmission, electricity distribution, retail, IT, and pharmaceuticals, among others.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	488.12	513.91	391.96
PBILDT	10.46	23.51	16.28
PAT	-7.29	14.90	20.01
Overall gearing (times)	0.68	0.67	NA
Interest coverage (times)	0.80	1.80	1.72

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

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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 instruments/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		-	-	-	39.50	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	March- 2033	67.72	CARE BBB; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	5.00	CARE A3+
Non-fund-based - ST-Bank Guarantee		-	-	-	4.26	CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/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	39.50	CARE BBB; Stable	-	1)CARE BBB; Negative (23-Jan-25) 2)CARE BBB; Negative (04-Jun-24)	1)CARE BBB; Stable (01-Dec-23)	1)CARE BBB; Stable (28-Oct-22)
2	Non-fund-based - ST-Bank Guarantee	ST	4.26	CARE A3+	-	1)CARE A3+ (23-Jan-25) 2)CARE A3+ (04-Jun-24)	1)CARE A3+ (01-Dec-23)	1)CARE A3+ (28-Oct-22)
3	Fund-based - LT-Term Loan	LT	67.72	CARE BBB; Stable	-	1)CARE BBB; Negative (23-Jan-25) 2)CARE BBB; Negative (04-Jun-24)	1)CARE BBB; Stable (01-Dec-23)	1)CARE BBB; Stable (28-Oct-22)
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	5.00	CARE A3+	-	1)CARE A3+ (23-Jan-25) 2)CARE A3+ (04-Jun-24)	1)CARE A3+ (01-Dec-23)	1)CARE A3+ (28-Oct-22)

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 - LT-Term Loan	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

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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