

The Highland Produce Company Limited

February 17, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	16.50	CARE BBB-; Stable	Upgraded from CARE BB+; Positive
Short-term bank facilities	2.50	CARE A3	Upgraded from CARE A4+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of The Highland Produce Company Limited (Highland) factors in improvement in operational performance in FY25 and 9MFY26 and completion of sale of wood manufacturing unit, leading to improvement in liquidity and capital structure. Ratings continue derive strength from vast experience of promoters, being part of larger AV Thomas Group of companies (AVT group) and long track record of operations. However, ratings are constrained by moderate scale of operations, revenue concentration among top clients, labour intensive nature of tea industry and inherent agro-climatic risks.

Rating sensitivities: Factors likely to lead to rating actions

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

- Consistent improvement in the scale of operations with income above ₹150 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 8% on sustained basis while sustaining overall gearing below 0.5x on a sustained basis.

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

- Large debt funded capex, leading to overall gearing above 1.00x.
- Drop in profitability position, leading to a stretch in liquidity.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the company's operations will continue to remain stable in the medium-term deriving benefit from long-standing promoters' experience.

Detailed description of key rating drivers

Key strengths

Improvement in operational performance in FY25 and 9MFY26

Highland's total operating income (TOI) has improved by 14.07% in FY25 to ₹109.59 crore and further by 33% on an annualised basis in 9MFY26 to ₹91.39 crore. TOI growth is backed by improvement in prices of tea and cardamom. Along with improvement in scale, PBILDT (percentage) also improved in FY25 to 9.87% from 8.81% in FY24 and further improved significantly to 14.52% in 9MFY26. Operating margins improved in FY26, owing to higher contribution from cardamom sales accounting to 20% of sales in 9MFY26 from 13% in FY25.

Tea: Sales from tea increased by 14% in FY25 to ₹89.86 crore backed by volume increase of 4.4%. Tea sales majorly include bought leaf processing, which contributes to ~66% of total sales volume with the remaining coming from own leaf production. The company is concentrating on bought leaf processing, as in it more profitable owing to avoiding major cost of wages. Realisation also showed an increase by 9.2% to ₹178/ kg in FY25. Realisations sustained at FY25 levels in 9MFY26 at ₹177/ kg, on top of which volumes improved by 7.1% on an annualised basis, leading to total tea sales improving by 6.1% on an annualised basis in 9MFY26.

Cardamom: Cardamom sales showed moderate growth of 7% in FY25. Volume decline of 25% to 62 MT in FY25 was offset by an increase in realisation of 43% to ₹2366/ kg (PY: ₹1651/ kg) led to improvement in sales. In 9MFY26, growth in volumes by 61% and increase in realisation by 4.3% led to a TOI growth of 68%.

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

Completion of sale of wood manufacturing unit leading to improvement in liquidity and capital structure

Highland completed the sale of its wood manufacturing unit in March 2025. In relation to this sale, an amount of ₹13.04 crore was receivable as on 31 March 2024. Of this, ₹7.04 crore was received in FY24–25, and Cheque for the remaining ₹5.68 crore was received in FY25–26, resulting in full realisation of the sale consideration. In connection with the transaction, the company recognised extraordinary income of ₹4.37 crore in FY24–25. Completion of the sale strengthened the company's net worth, and together with its minimal debt, resulted in improvement in overall gearing to 0.07x as on 31 March 2025, compared to 0.31x in the previous year. Highland further reported free cash and bank balances of ₹6.34 crore as on 31 March 2025, which increased to ₹14.08 crore as on 31 December 2025. As a result, the company moved into a net debt-negative position, reflecting improved liquidity and financial flexibility.

Long-standing operational track record of the larger AVT group

Founded in 1925, the AVT group is a family-owned business group in south India, with the third generation at the helm of affairs. The group diversified business interests across agricultural commodities, tea, solvent extraction, leather, rubber and spices. Some key entities belonging to the group include AV Thomas and Co. Limited, AVT McCormick Ingredients Private Limited, AVT Natural Products Limited and A V Thomas Leather & Allied Products Private Limited (rated CARE A-; Stable/ A2+). The group is currently managed by Ajit Thomas, his brother Dilip Thomas and other professionals. Highland is managed by Dilip Thomas, who has around four decades of industry experience, and his wife Priyalatha Thomas. Highland was incorporated in 1925 and has long track record of operations of 100 years. It also has a tea processing unit with capacity of 4,600 MTPA.

Key weaknesses

Moderate scale of operations

Despite being in operations for nearly a century, the scale of operations stood moderate in the range of ₹95 crore to ₹110 crore for five years ended FY25. In FY25, scale of operations improved to ₹109.59 crore (PY: ₹96.07 crore) backed by improvement in cardamom sales. TOI was majorly contributed by sales of tea and tea waste, contributing 81.99% in FY25. In FY26, the company recorded a TOI of ₹91.39 crore till December 2025.

Volatile margins, exposed to inherent agro-climatic risks and labour-intensive nature of tea industry

Tea prices are volatile because of dependence on monsoons and international demand, resulting in fluctuations in operating margin, however volatility is partially mitigated considering 30-35% of the tea leaves are sourced from own estates. Erratic climate with excessive rainfall during monsoon and extreme heat during summer results in fluctuations in tea production. Highland employs ~1,100 workers as on December 2025. Inherent nature of the domestic tea industry makes it highly labour intensive, with wage cost entailing ~25-35% of total cost of sales. Owing to favourable price movement, PBILDT improved to 9.87% in FY25 and further to 14.52% in 9MFY26.

Liquidity: Adequate

The company's liquidity is adequate marked by expected cash accruals of ₹14-15 crore in FY26 against term debt obligations of ~₹0.48 crore in FY26. With wood manufacturing unit moving out and Highland receiving the balance amount, its operating cycle improved to 65 days in FY25 (PY: 86 days). Average collection period improved from 86 days in FY24 to 58 days in FY25. The company had free cash and bank balance of ₹14.08 crore as on December 31, 2025.

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
Fast-moving consumer goods	Fast-moving consumer goods	Agricultural food and other products	Tea and coffee

Highland was incorporated on July 14, 1925, and is part of the AVT group. The company is mainly engaged in plantation activities and owns tea and cardamom estates in Elaparai and in Peermade, Idukki District, Pasuparai Estate and Carady Goody Estate. Highland employs over 1,100 workers and has a tea processing unit with a capacity of 4600 MTPA. Highland is currently managed by Dilip Thomas (Chairman), the family's third generation entrepreneur.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	119.34	109.59	91.39
PBILDT*	7.23	10.81	13.27
Profit after tax (PAT)	5.35	11.49	11.06
Overall gearing (x)	0.31	0.07	0.01
Interest coverage (x)	6.26	19.31	275.31

A: Audited UA: Unaudited; Note: these are latest available financial results

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

Status of non-cooperation with previous CRA:

Brickwork Ratings has conducted a review based on best available information and has classified the firm as "non-cooperating" vide its press release dated November 11, 2025. The reason provided Brickwork Ratings is non-furnishing of information for monitoring ratings and non-submission of no-default statement (NDS).

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		-	-	-	16.50	CARE BBB-; Stable
Non-fund-based - ST-BG/LC		-	-	-	2.50	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-Term Loan	LT	-	-	-	1)Withdrawn (05-Feb-25)	1)CARE BB+; Stable (20-Mar-24)	-
2	Fund-based - LT-Cash Credit	LT	16.50	CARE BBB-; Stable	-	1)CARE BB+; Positive (05-Feb-25)	1)CARE BB+; Stable (20-Mar-24)	-
3	Non-fund-based - ST-BG/LC	ST	2.50	CARE A3	-	1)CARE A4+ (05-Feb-25)	1)CARE A4+ (20-Mar-24)	-

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	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender detailsTo 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Sandeep P Director CARE Ratings Limited Phone: +91-44 2850 1002 E-mail: sandeep.prem@careedge.in
Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-2850 1001 E-mail: pradeep.kumar@careedge.in	Ali Monish P E Assistant Director CARE Ratings Limited Phone: +91-44 2850 1021 E-mail: alimonish.p@careedge.in
	Aadarsh Gs Analyst CARE Ratings Limited E-mail: Aadarsh.Gs@careedge.in

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