Dhunseri Tea & Industries Limited

November 04, 2026

Facilities	Name of the Regulator[1]	Amount (₹ crore)	Ratings[2]	Rating Action
Long-term bank facilities	RBI	146.76 (Reduced from 148.93)	CARE A-; Stable	Downgraded from CARE A; Stable
Short-term bank facilities	RBI	0.50	CARE A2	Downgraded from CARE A2+

Details of facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Dhunseri Tea & Industries Limited (DTIL) factors its weaker-than-expected performance in FY25 and FY26 (FY refers to April to March), characterised by operating losses though reduced y-o-y. The sustained weak financial performance continues to exert pressure on its debt coverage indicators. the company has high debt repayments of ~₹35 crore each in FY27-FY28. Debt repayment of FY27 is expected to be met partly out of cash accruals and balance from proceeds from gardens sold in FY26. The company has generated cashflow through sale of its loss-making tea gardens to support its liquidity needs.

However, ratings continue to benefit from 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 a need basis, which is likely to continue in future as well.

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 scale of operations with benefit from acquired tea gardens.
- Improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin beyond 10% 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.
- Lower than envisaged cash profits, resulting in moderation in debt servicing coverage and creating pressure on repayment obligations on a sustained basis.

Analytical approach: Consolidated, along with factoring strong financial flexibility by virtue of being part of Dhunseri group. The 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-5. The ratings also consider substantial liquidity available at group level providing financial flexibility.

Outlook: Stable

The stable outlook reflects 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.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

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

DTIL is a 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. The rating derives significant comfort from available liquidity at the group level (in Dhunseri Investment Limited Consolidated books) aggregating ~₹930 crore as on March 31, 2026, in the form of cash and liquid investments in mutual funds and listed securities.

DTIL currently has 9 tea estates and 9 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 carrying out operations across its tea gardens (9) in Assam as on March 31, 2026, where the quality of black tea is superior compared to the rest of India. The domestic average tea yield increased to ~1,881 kg per hectare in FY26 compared to 1640 kg per hectare in FY25 largely considering continuous estate upgradation. Tea production increased from 11.73 million kg in FY25 to 12.20 million kg in FY26 with better estate management and agronomic practices. Tea production reduced in Q1FY27 against Q1FY26 considering lower number of gardens.

Average recovery rate (ranging from 22.99% to 23.83% from FY23-FY26 and Q1FY27) for the company has been in line with the industry average of ~22%.

Production in its overseas subsidiary decreased with tea production at 7.98 million kg in CY25 against 9.16 million kg in CY24. However, the production of macadamia nuts increased from 0.47 million kg in CY24 to 0.60 million kg in CY25. The tea production in Q1FY27 stood at 2.46 million kg (against 3.14 million kg in Q1FY26) with macadamia nuts at 0.26 million kg (against 0.33 million kg in Q1FY26).

Key weaknesses

Weaker-than-expected performance leading to weak coverage indicators

DTIL's financial performance remained weaker-than-expected in FY25 and FY26, characterised by operating losses though reduced y-o-y. The sustained weak financial performance continues to exert pressure on its debt coverage indicators.

DTIL achieved an increase in its consolidated TOI by 5% y-o-y from ₹456.38 crore in FY25 to ₹477.61 crore in FY26. On a standalone level, while sales volume moderated by ~2% owing to lower production amidst lower gardens, the realisation increased by over 2% considering steady demand. Despite higher revenue, operational losses persisted due to lower sales volumes. Performance of Malawi subsidiaries improved in FY26 supported by higher realisation of macadamia. Though losses narrowed on a year-on-year basis, supported by cost optimisation initiatives and divestment of loss-making tea gardens, subdued profitability continues to weaken the debt protection metrics.

In Q1FY27 company's revenue and operating profit moderated y-o-y due to lower number of gardens post sale of Balijan and Deohall tea estate in FY26 and lower sales volume in Malawi subsidiaries. Improvement in profitability basis steady sales volume, and increased contribution from subsidiaries shall remain a key monitorable in the medium term.

Labour intensive nature of tea industry

Inherent nature of the domestic tea industry makes it highly labour intensive, with wage cost entailing ~50-55% of total cost of sales. The wage rate was revised to ₹280 per day in Q1FY27 (from earlier ₹250 per day in FY26). Therefore, steep upward revision in wages had 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 at a consolidated level get somewhat moderated.

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 witnessed erratic weather conditions in the last few years. In FY26, the region witnessed erratic monsoon in June and July 2025 impacting overall output. DTIL's international tea gardens in Africa are also susceptible to the vagaries of nature.

Liquidity: Adequate

In view of low accruals in FY26, the company managed its capex and other liquidity needs from selling of liquid investments and loss-making tea assets. In FY26, the company sold the Deohall Tea estate for ~₹23.50 crore and Balijan Tea Estate for ~₹35.00 crore, proceeds from which supported overall cash flows. There are receivables of ~₹23.88 crore outstanding against these sales (of which ~₹18 crore has been received in H1FY27), which is likely to support the debt repayment in FY27.

There has been fund infusion from promoter group to support the overall liquidity in the past, with ₹3.75 crore outstanding as on March 31, 2026. 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 47% for 12 months ended July 2026, providing adequate liquidity buffer. The company does not have significant capital expenditure plans in the medium term.

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 and other products	Tea and coffee

DTIL is engaged in growing and cultivating tea across 9 tea estates in Assam, having a cumulative production capacity of 10.90 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 Private 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 has sold Deohall estate and Balijan tea estates in FY26.

Consolidated Financials

Particular	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	456.38	477.61	85.13
PBILDT*	-18.06	-0.98	20.26
PAT	-20.05	-2.50	4.52
Overall gearing (times)	0.50	0.48	NA
Interest coverage (times)	-0.71	-0.06	3.97

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Not Applicable	-		-	-	125.00	CARE A-; Stable
Fund-based - ST-Bank Overdraft	RBI	Not Applicable	-		-	-	0.50	CARE A2
Non-fund-based - LT-Standby Letter of Credit	RBI	Not Applicable	-		-	30-06-2029	14.06	CARE A-; Stable
Term Loan-Long Term	RBI	Not Applicable	-		-	31-12-2030	7.70	CARE A-; Stable

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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	125.00	CARE A-; Stable	-	1)CARE A; Stable (10-Oct-25)	1)CARE A; Stable (09-Jan-25) 2)CARE A+; Negative (05-Jun-24)	1)CARE A+; Stable (27-Dec-23)
2	Non-fund-based - LT-Standby Letter of Credit	LT	14.06	CARE A-; Stable	-	1)CARE A; Stable (10-Oct-25)	1)CARE A; Stable (09-Jan-25) 2)CARE A+; Negative (05-Jun-24)	1)CARE A+; Stable (27-Dec-23)

3	Term Loan-Long Term	LT	7.70	CARE A-; Stable	-	1)CARE A; Stable (10-Oct-25)	1)CARE A; Stable (09-Jan-25) 2)CARE A+; Negative (05-Jun-24)	1)CARE A+; Stable (27-Dec-23)
4	Non-fund-based - LT-Bank Guarantee	LT	-	-	-	-	-	1)Withdrawn (27-Dec-23)
5	Fund-based - ST-Bank Overdraft	ST	0.50	CARE A2	-	1)CARE A2+ (10-Oct-25)	-	-

LT: Long term; ST: Short term;

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

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

S. No.	Name of 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

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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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