

## India Ratings Upgrades Shri Vasuprada's NCDs to 'IND BB', Outlook Stable

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India Ratings and Research (Ind-Ra) has upgraded the rating on Shri Vasuprada Plantations Limited's (SVPL) debt instruments to 'IND BB' from 'IND B+'. The Outlook is Stable. The instrument-wise rating action is as follows:

### Details of Instruments

Instrument Description	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Watch	Rating Action
Non-convertible debenture#	-	-	-	INR500	IND BB/Stable	Upgraded
Preference shares	-	6%	20 years*	INR250	IND BB/Stable	Upgraded

#Details in Annexure

\*From the date of allotment and subject to early repayment by the company

### Analytical Approach

Ind-Ra continues to take a fully consolidated view of SVPL, its subsidiary Keshava Plantations Pvt Ltd (KPPL; 100% stake), and associate company The Cochin Malabar Estates & Industries Ltd. (24.68% stake), together referred to as the group, while reviewing the ratings on account of the medium-to-strong operational and strategic linkages among them. The entities have a same business profile and a common management. Although Ind-Ra has not consolidated SVPL with its group company, Gloster Limited (GL) due to weak operational and financial linkages between the two entities, but SVPL has been benefitting from consistent financial support from GL. This support has primarily been in the form of inter-corporate deposits, which have played a key role in bolstering SVPL's liquidity position. Accordingly, the ratings have been notched up factoring in the support available from GL.

### Detailed Rationale of the Rating Action

The upgrade reflects an improvement in SVPL's scale of operations, EBITDA margins and credit metrics in FY25.

The ratings, however, remain constrained by SVPL's small scale of operations, modest EBITDA margin, modest credit metrics, stretched liquidity and cyclicity and climatic risks.

In FY26, Ind-Ra expects revenue to grow further, leading to an improvement in the EBITDA margins and credit metrics. The liquidity is likely to improve in FY26 but remain stretched. The rating is supported by the promoters' more than two decades of experience in the tea and coffee industry.

### List of Key Rating Drivers

#### Weaknesses:

- Scale of operations improved yet stayed small in FY25
- EBITDA margins improved but stayed modest
- Credit metrics improved but stayed modest

- Stretched liquidity
- Cyclical and climatic risks

#### Strengths:

- Experienced promoters

## Detailed Description of Key Rating Drivers

**Scale of Operations Improved yet stayed Small in FY25:** In FY25, the group's revenue grew to INR1,324.02 million (FY24: INR1,076 million) with the EBITDA turning positive at INR58.75 million (negative INR90.89 million). The revenue growth was majorly driven by higher volume sales of rubber, along with a better pricing for all three segments i.e, rubber, coffee and tea. In FY25, SVPL sold 1.52 million kg rubber (FY24: 1.16 million kg) at an average realisation of INR206 per kg (INR169 per kg) amounting for 25% (19%) of the revenue. Tea sales stood 3.2 million kg (3.56 million kg) with an average realisation of INR216 per kg (INR181 per kg). The realisation per kg increased for tea as the company has increased the production of orthodox tea which yields better pricing than crush, tear, curl (CTC) tea. Coffee sales stood at 0.35 million kg in FY25 (FY24: 0.36 million kg) with an average realisation of INR444 per kg (INR295 kg) owing to an increase in the demand for Arabica and Robusta Coffee. In 1HFY26, SVPL generated a revenue of INR751 million (1HFY25: INR628 million). Based on the 1HFY26 performance and trend of higher sale of coffee and rubber in 3Q and 4Q, Ind-Ra expects the revenue to improve in FY26.

**EBITDA Margins Improved but Stayed Modest:** In FY25, the EBITDA margins turned positive at 4.44% (FY24: negative 6.59%). Tea, coffee and rubber are labour-intensive businesses. Labour costs account for around 60% of the total costs. The margins have improved owing to a better absorption of these fixed costs with an increase in scale of operations. The return on capital employed was negative at 0.3% in FY25 (FY24: negative 9%). In FY26, Ind-Ra expects the EBITDA margin to improve with a further increase in the scale of operations, leading to a better operating leverage.

**Credit Metrics Improved but Stayed Modest:** In FY25, the group's credit metrics improved as the EBITDA turned positive; however, they stayed modest with an interest coverage (operating EBITDA/gross interest expenses) of 1.03x in FY25 (FY24: negative EBITDA) and a net financial leverage (adjusted net debt/operating EBITDA) of 9.84x (negative EBITDA). In FY26, Ind-Ra expects the group's credit metrics to improve owing to growth in the EBITDA.

**Stretched Liquidity:** Please refer to the Liquidity section.

**Cyclical and Climatic Risks:** The ratings are further constrained by agro-climatic risks as tea and coffee production is dependent on climatic conditions. Additionally, the inherent cyclical nature of the fixed-cost intensive tea industry, leads to variability in profitability and cash flows of bulk tea blenders.

**Experienced Promoters:** However, the ratings continue to be supported by the promoters' more than two decades of experience in the tea and coffee business as well as timely funding support from the promoters.

## Liquidity

**Stretched:** The group's net working capital cycle improved but remained elongated at 437 days in FY25 (FY24: 1,021 days) owing to a shorter inventory holding period of 432 days (1,026 days). The group's cash flow from operations improved but remained negative at INR16 million in FY25 (FY24: negative INR139 million). Consequently, the group's free cash flow remained negative at INR77 million in FY25 (FY24: negative INR198 million) owing to capex of INR61 million (INR58 million). The group's cash & cash equivalents stood at INR8 million in FY25 (FY24: INR7.41 million). During FY25, SVPL liquidated its stake in M/s. Pranav Infradev Co. Pvt. Ltd., leading to a cash inflow of INR69 million. SVPL has scheduled repayments of INR0.27 and INR 0.3 million in FY26 and FY27. The company's average utilisation of the fund-based limits was 51.1% during the 12 months ended October 2024.

## Rating Sensitivities

**Negative:** A significant decline in the scale of operations or any weakening/delay in the receipt of financial support from the group companies, resulting in a decline in the liquidity or the interest coverage, all on a sustained and consolidated basis, will be negative for the ratings.

**Positive:** An improvement in the scale of operations, leading to an overall improvement in the credit metrics with an interest coverage above 1.5x, along with an improvement in the liquidity and a continued support from group companies, all on a sustained and consolidated basis, will be positive for the ratings.

## Any Other Information

**Standalone Profile:** The revenue stood at INR1,186 million in FY25 (FY24: INR960 million) with an EBITDA of INR43 million (negative INR82 million). The EBITDA margins turned positive at 3.7% in FY25 (FY24: negative 8.56%). The interest coverage stood at 0.83x in FY25 (FY24: negative EBITDA) with a net leverage of 12.89x (negative EBITDA).

## ESG Issues

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on BUDPL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please [click here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please [click here](#).

## About the Company

SVPL operates five tea estates, one coffee estate and one rubber estate located in Northern and Southern Part of India. The company's registered office is in Kolkata, West Bengal. SVPL is managed and promoted by the Bangur group.

## Key Financial Indicators

Particulars (Consolidated)	FY25	FY24
Revenue (INR million)	1,324.02	1,076.15
EBITDA (INR million)	58.75	-90.89
EBITDA margin (%)	4.44	-8.45
Gross interest coverage (x)	1.03	-1.85
Net leverage (x)	9.84	-6.36
Source: SVPL; Ind-Ra		

## Status of Non-Cooperation with previous rating agency

Not applicable

## Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating/Outlook	Historical Rating/Outlook			
				27 December 2024	29 December 2023	22 September 2023	5 January 2023
Issuer rating	Long-term	-	-	-	-	WD	IND B+/Stable
Non-convertible debenture	Long-term	INR500	IND BB/Stable	IND B+/Stable	IND B+/Stable	-	IND B+/Stable
Preference shares	Long-term	INR250	IND BB/Stable	IND B+/Stable	IND B+/Stable	-	IND B+/Stable

## Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Non-convertible debenture	Low
Preference shares	Moderate

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating /Outlook
Non-convertible debenture	INE574G07010	21 March 2023	9	21 March 2033	INR230	IND BB/Stable
Proposed non-convertible debenture	-	-	-	-	INR270	IND BB/Stable
Total					INR 500	IND BB/Stable

Source: SVPL

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## About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

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Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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## **APPLICABLE CRITERIA AND POLICIES**

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### **Evaluating Corporate Governance**

### **Corporate Rating Methodology**

### **The Rating Process**

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