

April 13, 2022

Girnar Food & Beverages Private Limited: Update on entity

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based working capital limits	12.00	12.00	[ICRA]A-(Stable); Outstanding
Short-term fund-based working capital limits	37.50	37.50	[ICRA]A2+; Outstanding
Total	49.50	49.50	

*Instrument details are provided in Annexure-1

Rationale

ICRA has outstanding ratings of [ICRA]A-(Stable)/[ICRA]A2+ on the bank facilities of Girnar Food & Beverages Private Limited (GFBPL). GFBPL derives ~55% of its revenues from exports. Around 90% of the total exports are derived from Russia and Ukraine. Following the onset of the Russia-Ukraine war in March 2022, the company's exports to Russia were impacted. According to the company's management, tea exports to Russia have commenced but GFBPL continues to face short-term disruptions due to container shortages for exports to Russia. There are no major outstanding receivables (~Rs. 15 crore receivables were outstanding as on March 22, 2022, from Russia and Ukraine), and the company continues to receive payments from customers without any delays. The ratings derive comfort from GFBPL's comfortable credit profile with limited dependence on external debt and strong liquidity position, underpinned by liquid balances of ~Rs. 42.0 crore as on February 28, 2022, and unutilised working capital limits of Rs. 49.5 crore (to the extent of the available drawing power). The company does not have any external repayment obligation and has no major capital expenditure plans. ICRA would continue to monitor the impact of the ongoing conflict on the credit profile of company.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position, rating sensitivities, and key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Entities in the Bulk Tea Industry
Parent/Group Support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 1987, GFBPL is promoted by the Shah and Bhansali families, who have an equal shareholding in the company and are actively involved in all its major functions. The Group has an extensive existence in the domestic branded packaged tea business through the Girnar brand. The company has a strong presence in Maharashtra, especially in the key markets of Mumbai, from where it generates the major part of its domestic sales. It has limited presence in Gujarat, Delhi, Karnataka, Jammu and Kashmir, Telangana and Rajasthan, among others. The domestic sales contribute 40-45% to its total revenues, while exports account for the rest. In the overseas market, the company trades in bulk tea, with a strong presence in Russia,

from where it generates 80-90% of its total export sales. GFBPL's processing and packaging unit is in Umbergaon, Gujarat, with blending units in Coimbatore (Tamil Nadu) and Kolkata (West Bengal).

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2023)			Chronology of Rating History for the past 3 years			
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	
				13-Apr-2022	14-Feb-2022	05-Nov-2020	30-Jul-2019	
1 Cash Credit	Long-term	12.00	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	
2 PC/PCFC/FDB/FBE/BRD	Short-term	37.50		[ICRA]A2+	[ICRA]A2+	[ICRA]A2	[ICRA]A2	

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term – Fund-based Working Capital Limits	Simple
Short-term – Fund-based Working Capital Limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No.	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	12.00	[ICRA]A-(Stable)
NA	PC/PCFC/FDB/FBE/BRD	-	-	-	37.50	[ICRA]A2+

Source: GFBPL

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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