

August 26, 2025

Gujarat Tea Processors and Packers Limited: [ICRA]AA+ (Stable)/ [ICRA]A1+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long Term-Fund Based-Others	47.00	[ICRA]AA+ (Stable); Assigned
Long Term-Fund Based-Term Loan	99.00	[ICRA]AA+ (Stable); Assigned
Long Term / Short Term-Unallocated-Unallocated	251.00	[ICRA]AA+ (Stable)/[ICRA]A1+; Assigned
Long Term-Fund Based-Others	350.00	[ICRA]AA+ (Stable); Assigned
Short Term-Fund Based-Others	500.00	[ICRA]A1+; Assigned
Short Term-Non Fund Based-Letter of Credit	2.50	[ICRA]A1+; Assigned
Short Term-Non Fund Based-Others	0.50	[ICRA]A1+; Assigned
Commercial Paper	100.00	[ICRA]A1+; Assigned
Total	1,350.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings assigned to the bank facilities/instruments of Gujarat Tea Processors and Packers Limited (GTPPL) reflect its strong market leadership in the premium packet tea segment in Gujarat, supported by improving geographical diversification in new markets and a demonstrated ability to sustain contribution margins. The ratings also consider the extensive experience of its promoters in the branded packaged tea business along with the established recognition of its flagship in-house brand, Wagh Bakri, having established customer base.

The ratings also factor in GTPPL's healthy financial profile, characterised by comfortable leverage and debt coverage indicators. In FY2025, GTPPL registered a ~13% revenue growth, driven both by higher sales volume and an increase in packet tea realisation to offset the sharp increase in bulk tea prices. Although the operating margins moderated to ~10.1% in FY2025 owing to input cost pressures, the overall profitability remained comfortable. In FY2026, the volume growth is expected to remain around 6%, resulting in stable revenue growth, while margins are expected to sustain at the previous fiscal levels. Also, the liquidity remained healthy supported by cash and liquid investment balance of Rs 553.2 crore and sufficient undrawn working capital limits as on June 30, 2025. The net leverage position (Net debt/OPBDITA) continues to remain at a healthy level.

The rating, however, remain constrained by GTPPL's geographical concentration risks with Gujarat accounting for more than 55.3 % of sales (in value terms) which was 64% in FY2021. The rating also notes the company's continued dependence on its flagship 'Wagh Bakri' brand, the sensitivity of volume growth and profit margins to volatility in bulk tea prices and higher marketing spend (for increasing penetration in new markets), which is likely to keep margins range bound in the short to medium term. The company's product concentration risk also persists with packed tea accounting for 98% of the total revenues. However, a long, established relationship with the customer ensures repeat orders, which provide comfort. Also, ICRA expects GTPPL's cash flows to remain strong, relative to its debt-servicing obligations.

The Stable outlook on the [ICRA]AA+ rating reflects ICRA's opinion that GTPPL's credit profile is expected to remain comfortable owing to its strong business relationships with its customers in the domestic market and continued strong presence in Gujarat.

Key rating drivers and their description

Credit strengths

Established player in the packet tea segment with a strong presence in the Gujarat market - GTPPL remains the third largest packet-tea company in the country in volume terms. Gujarat is its largest market, followed by Maharashtra and Rajasthan. The aggregate sales in these states accounted for ~67% of GTPPL's volumes in FY2025. The entity has a strong market position in Gujarat, wherein the company claims to have a market share of around 55-60%, and a consistent increase in volumes in all the three above-mentioned states mitigates risks associated with high geographical concentration. In addition, GTPPL is gradually increasing its presence outside traditional markets, where volumes have witnessed a significantly higher CAGR.

Demonstrated ability to sustain contribution levels despite increasing raw material costs - GTPPL purchases bulk tea, its primary raw material, from auctions as well as directly from large bulk tea producers. Most of the tea purchased are quality teas produced in North India with selective procurement from South India. To enhance the blend quality, Kenyan and Sri Lankan tea is also incorporated. The tea procurement is split 50:50 between auction and private sales.

In response to the rise in auction tea prices, packaged tea players have hiked prices regularly including FY2025 to protect their earnings. GTPPL has also shown this pricing flexibility, particularly, on account of its brand strength in the western states. OPBDITA/kg has remained healthy at Rs 38/kg and has shown resilience despite the increase in raw material costs which shows the ability of the brands to pass on the higher cost. The company implemented three price hikes during Q1 and Q2 of the previous fiscal year driven by rising bulk tea prices, which supported the contribution margins

Consistent volume and realisation growth witnessed by its flagship brand, Wagh Bakri, which contributes 81% of total sales (in value terms)- GTPPL operating income registered a healthy growth of 13% in FY2025 driven by around 6% volume growth and 7% increase in realization, supported by sustained demand for its flagship Wagh Bakri brand, which continued to contribute over 80% of the company's total revenues in both FY2024 and FY2025. Further, In Q1 FY2026, GTPPL reported a 5% growth in volume & 12% growth in value compared to corresponding period of the previous fiscal. The brand is owned by Gujarat Tea Depot Co., a promoter-owned entity, for which GTPPL pays a license fees.

Healthy financial profile and sound liquidity position -The company's financial profile remains healthy with moderate external debt majorly comprising working capital debt and healthy cash accruals. The net leverage position (Net debt/OPBDITA) continues to remain at a healthy level. In FY2026, the volume growth is expected to remain around 6%, resulting in stable revenue growth, while margins are expected to sustain at the previous fiscal levels. Also, the liquidity remained healthy supported by cash and liquid investment balance of Rs 553.2 crore and sufficient undrawn working capital limits as on June 30, 2025.

Consistent market demand for the domestic packet tea industry - India's packet tea industry continues to enjoy steady and resilient demand, driven by tea's deep cultural significance and widespread daily consumption. Tea remains a staple beverage across socio-economic segments. supported by strong consumer preferences and brand loyalty. This steady demand provides a cushion against short-term market fluctuations and supports revenue stability for established players.

Credit challenges

Vulnerability of profit margins to fluctuations in bulk tea prices - Bulk tea availability is influenced by agro-climatic conditions in both the domestic and international markets, leading to significant fluctuations in bulk tea prices. In FY2025, bulk tea prices witnessed sharp increase, primarily due to drought and reduction in crop. Any impact on the profit margins owing to fluctuations in bulk tea prices will remain a key monitorable.

Dependence on single brand for ~81% of sales (value in terms); also exposed to geographical concentration risk; however brand loyalty in domestic market partly mitigates the risk - The company exhibits a high dependence on a single brand—Wagh-Bakri—which contributes ~81% of total sales (value in terms) in FY2024-25. This concentration exposes the business to brand-specific risks, such as shifts in consumer preferences or competitive pressures targeting that brand. However, this risk is partly mitigated by strong brand loyalty in the domestic market, as evidenced by the consistent growth in both volume and value of Wagh-Bakri sales over the past five years. The brand has maintained a dominant share.

Additionally, the company faces geographical concentration risk, as in terms of revenue diversification based on geography, company though has a strong presence in Gujarat with about 55% in terms of sales value in FY2025, however the same has been reducing from 64% in FY21 indicating its expanding presence across other states like Delhi/NCR, Western UP & AP/Telangana which has increased from 4.40% in FY2021 to ~8.10% in FY2025.

Intense competition limits pricing flexibility - The company faces intense competition from other established brands (namely Tata Tea, Brooke Bond Red Label, Brooke Bond Taj Mahal, and Society, among others) and several regional players in the domestic market. This, coupled with stiff competition in the international market from key tea-producing countries (Kenya, China, and Sri Lanka), limits the company's ability to pass on the price hike to customers.

Liquidity position: Adequate

The company maintains a comfortable liquidity profile, supported by healthy cash accruals amounting to Rs 123 crore in FY2025 on provisional basis, which is expected to remain stable in the near term. Cash flow from operations in FY2025 on a provisional basis was negative Rs 89.58 crores as a result of increased inventory days leading to increased working capital. However, the cash flow from operation is expected to remain comfortable in FY2026, with no major increase in working capital requirement in the current fiscal. Further the liquidity is supported by investments in equity, minimal long-term debt obligations, moderate capex plans and adequate headroom in average undrawn working capital limits. The average utilisation of the working capital limits remained moderate at 71% of drawing power over the 14 months ended June 30, 2025. As of March 31, 2025, the company held investments of around Rs 284.78 crore, primarily mutual funds in equity & debt funds and equity shares along with free cash and liquid balance of Rs 14.97 crore and FD against OD of Rs 253.4 crore. Overall, the Group's liquidity is expected to remain comfortable in the near term.

Rating sensitivities

Positive factors – The ratings may be upgraded, if the company significantly increases its scale of operations and profitability on a sustained basis, along with geographical diversification along with product diversification and improvement in coverage and liquidity position.

Negative factors – The ratings may be downgraded if there is a sustained deterioration in profitability and cash accruals, which adversely impacts the leverage and coverage metrics and/or the liquidity position. Specific credit metrics that could lead to ratings downgrade include operating margins of less than 10% on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology FMCG
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Gujarat Tea Processors and Packers Limited (GTPPL) is engaged in tea blending and processing, and ranks as the third-largest player in India's organised packet tea segment. Promoted by the Ahmedabad-based Desai family, active in the tea business since 1892, the company is led by Shri Piyush Desai (Non-Executive Chairman), Shri Rasesh Desai (Vice Chairman & MD), Shri Paras Desai (Executive Director), Shri Priyam Parikh and Smt. Vidisha Desai (Whole-time Directors). Since August 2024, Shri Sanjay Singal serves as CEO and Mr. Sandeep Bhandari as CFO since January 2025. GTPPL operates three plants near Ahmedabad with a combined blending capacity of 2.04 lakh kg per shift and a 927 kW rooftop solar plant meeting ~45% of its power needs. The company markets its products under the umbrella brand Wagh Bakri.

Key financial indicators (audited)

GTPPL (Standalone)	FY2024	FY2025*
Operating income	2029.5	2291.5
PAT	178.0	161.0
OPBDITA/OI (%)	11.2%	10.1%
PAT/OI (%)	8.8%	7.0%
Total outside liabilities/Tangible net worth (times)	0.5	0.7
Total debt/OPBDITA (times)	1.8	2.3
Interest coverage (times)	7.3	4.4

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore.

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortization; *provisional;

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)				Chronology of rating history for the past 3 years						
	Type	Amount rated (Rs crore)	August 26, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based- Others	Long Term	47.00	[ICRA]AA+ (Stable)	-	-	-	-	-	-	-	-
Fund Based- Others	Long Term	350.00	[ICRA]AA+ (Stable)	-	-	-	-	-	-	-	-
Unallocated- Unallocated	Long Tem/Short Term	251.00	[ICRA]AA+ (Stable)/[ICRA]A1+	-	-	-	-	-	-	-	-
Fund Based- Term Loan	Long Term	99.00	[ICRA]AA+ (Stable)	-	-	-	-	-	-	-	-
Non Fund Based-Letter of Credit	Short Term	2.50	[ICRA]A1+	-	-	-	-	-	-	-	-
Fund Based- Others	Short Term	500.00	[ICRA]A1+	-	-	-	-	-	-	-	-
Non Fund Based- Others	Short Term	0.50	[ICRA]A1+	-	-	-	-	-	-	-	-
Commercial Paper	Short Term	100.00	[ICRA]A1+	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term-Fund Based-Others	Simple
Long Term-Fund Based-Term Loan	Simple
Long Term-Fund Based-Others	Simple
Long Term / Short Term-Unallocated-Unallocated	NA
Short Term-Fund Based-Others	Simple
Short Term-Non Fund Based-Letter of Credit	Very Simple
Short Term-Non Fund Based-Others	Very Simple
Commercial Paper	Very 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 are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long Term-Fund Based-Others	NA	NA	NA	47.00	[ICRA]AA+ (Stable)
NA	Long Term-Fund Based-Others	NA	NA	NA	350.00	[ICRA]AA+ (Stable)
NA	Long Term-Fund Based-Term Loan	FY2025	NA	FY2032	99.00	[ICRA]AA+ (Stable)
NA	Long Term / Short Term-Unallocated-Unallocated	NA	NA	NA	251.00	[ICRA]AA+ (Stable)/[ICRA]A1+
NA	Short Term-Fund Based-Others	NA	NA	NA	500.00	[ICRA]A1+
NA	Short Term-Non Fund Based-Letter of Credit	NA	NA	NA	2.50	[ICRA]A1+
NA	Short Term-Non Fund Based- Others	NA	NA	NA	0.50	[ICRA]A1+
Not placed	Commercial Paper	NA	NA	NA	100.00	[ICRA]A1+

Source: Company

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

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

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Sumit Jhunjhunwala

+91 33 6521 6814

sumit.jhunjhunwala@icraindia.com

Soumya Satapathy

+91 33 6521 6809

ssoumya.satapathy@icraindia.com

Vikram V

+91 40 6939 6410

vikram.v@icraindia.com

Giteeka Pai

+91 22 6169 3362

giteeka.pai@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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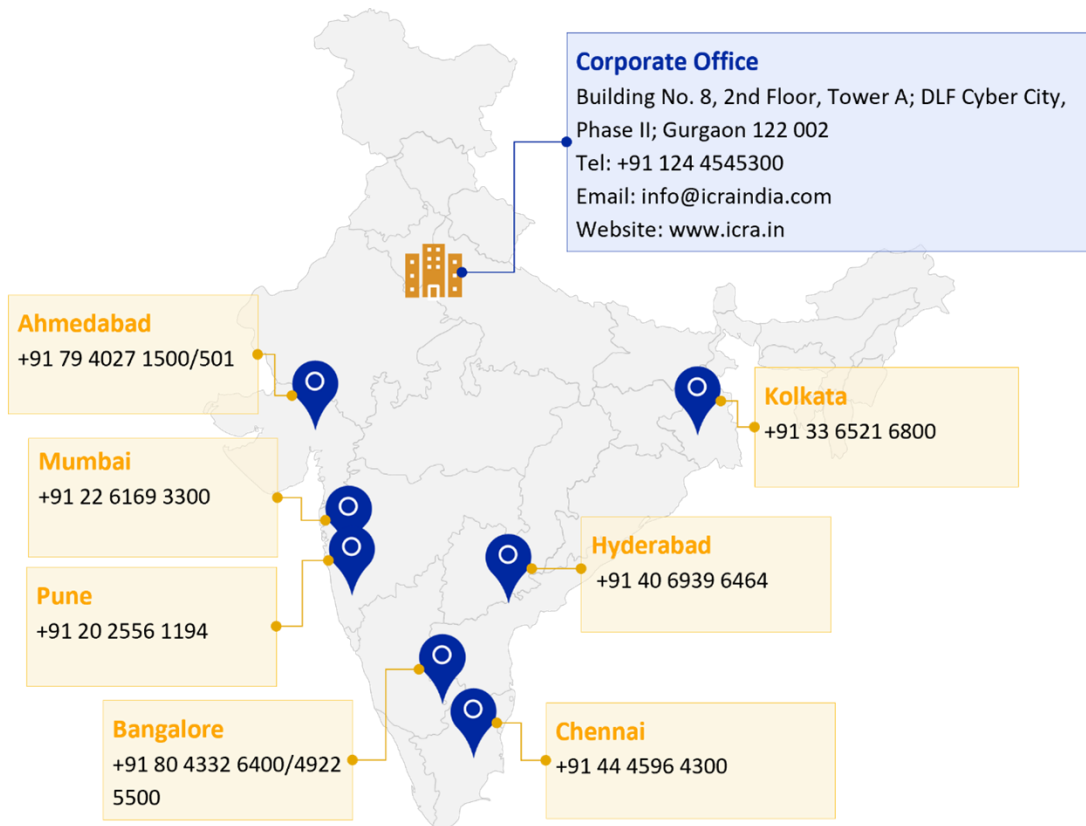
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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