

September 26, 2025

Madhu Jayanti International Private Limited: Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Cash credit	29.00	[ICRA]BBB+ (Stable); assigned
Long term - Fund based - EPC	90.00	[ICRA]BBB+ (Stable); assigned
Total	119.00	

*Instrument details are provided in Annexure I

Rationale

The rating assigned to the bank facilities of Madhu Jayanti International Private Limited (MJ IPL) factors in its established presence in the tea blending and packaging industry, supported by the extensive experience of its promoters and diversified product portfolio across the packet tea, tea bags and bulk tea segments. The company has demonstrated consistent revenue growth over the years, aided by sustained demand for both its own brands and private label offerings. The company caters to both the domestic and export markets, with a significant share of revenues derived from exports to geographies such as Russia, the US, Australia and Europe. In addition to its own brands, MJ IPL undertakes private label manufacturing for domestic and international clients, contributing ~35% to the total revenues in FY2025.

In FY2025, MJ IPL reported a 6.7% YoY growth (on provisional basis) in standalone operating income to Rs. 465 crore, supported by sustained demand for packet tea and tea bags. Despite the revenue growth, the operating profit margin moderated to 4.7% in FY2025 from 5.3% in FY2024, primarily due to elevated bulk tea procurement costs. Nevertheless, the absolute operating profit (OPBDITA) remained stable at ~Rs. 22 crore. The sales volumes increased by 5.7% YoY to 11.5 million kg in FY2025. The rating also considers MJ IPL's moderate capital structure and adequate debt coverage metrics in FY2025 with TD/OPBDITA at 2.9 times and interest coverage of 3.6 times. At the consolidated level, the profits in overseas entities are estimated to remain subdued, driven by muted performance in the Russian entity. Nonetheless, the major earnings are being derived from its standalone business and remains a key determinant of its credit profile. In FY2026, the performance is expected to remain stable with comfortable leverage and coverage metrics.

MJ IPL maintains a balanced product portfolio in the packet tea segment, with 50% of the sales derived from the mid-to-premium category and the remainder from the economy/value segment. The key brands include *Saraswati*, *Lalpan*, *Tez*, and *TE-A-ME*. MJ IPL has a well-established distribution network across major Indian cities, supported by regional depots and super stockists. While it does not operate in the modern trade formats, its presence in the e-commerce and retail platforms, along with supply to the HoReCa segment, provides additional growth avenues.

The rating is, however, constrained by exposure to commodity price volatility and competitive pressures in both the domestic and international markets. The company's ability to scale up its instant tea and other product segments while improving the profitability will remain a key monitorable.

The Stable outlook on the rating reflects ICRA's opinion that MJ IPL's credit profile is expected to remain comfortable owing to its strong business relationships with its customers and continued strong presence in the export market.

Key rating drivers and their description

Credit strengths

Significant experience of promoters in packet tea - The company is promoted by the Shah family, which has extensive experience in the tea business. Mr. Harish Kumar Jayantilal Shah, the Managing Director since 1989, has played a key role in expanding MJPL's international presence and product portfolio. Mrs. Manisha Harish Shah, director since 2006, is involved in its operations. Mr. Sumit H. Shah, a wholetime director since 2011, is involved in the branding, innovation and global expansion initiatives.

Diversified customer base with a predominant share of revenues from exports - MJPL benefits from a geographically diversified customer profile, with exports contributing over 66% to the total revenues in FY2025. The company caters to multiple international markets, including the US, Russia, Australia and Europe, which reduces the dependence on any single geography and supports revenue stability.

Moderate capital structure with adequate debt coverage indicators - MJPL's financial profile remains comfortable, supported by moderate external debt primarily comprising working capital borrowings and steady internal accruals. The company does not have any long-term debt on its standalone books as on date. For FY2025, the total debt/OPBDITA is estimated to be around 2.9 times at a consolidated level, which is expected to improve, going forward. The interest coverage ratio is estimated to be around 3.6 times in FY2025, and is projected to improve further, supported by healthy operating profits and limited debt servicing obligations.

Consistent market demand for packet tea - 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 the 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 the established player.

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 a sharp increase, primarily due to drought and reduction in crop output. Any impact on the profit margins owing to fluctuations in bulk tea prices will remain a key monitorable.

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, Wagh Bakri 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.

High dependence on export markets exposes company to geopolitical and demand-side risks - MJPL derives over 60% of its revenues from exports, with the key markets being, Russia, West Africa and Europe. While this supports the scale and diversification, it also exposes the company to risks arising from geopolitical developments, currency fluctuations and demand volatility in the overseas markets. Sustained performance will remain contingent on stable demand across key geographies and the company's ability to navigate external disruptions.

Liquidity position: Adequate

The company's liquidity position is likely to remain adequate. MJPL does not have any long-term loan at present. The company's liquidity is supported by significant undrawn working capital with respect to the drawing power (~Rs. 45 crore on an average in FY2025). The total capital expenditure is likely to be around Rs. 10 crore in FY2026, which is expected to be funded through internal cash accruals. MJPL's adequate cash flow from operations and undrawn working capital limits provide an adequate headroom for meeting the internal funding requirement of the capex.

Rating sensitivities

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

Negative factors – The rating may be downgraded if there is a sustained deterioration in the profitability and cash accruals, which adversely impacts the leverage and coverage metrics and/or the liquidity position. Specific credit metrics for downgrade include an interest coverage ratio of less than 3.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology - FMCG
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MJ IPL. Refer to Annexure II for the list of entities considered for consolidation

About the company

Madhu Jayanti International Private Limited (MJ IPL) has been in the tea blending and packaging business for the last four decades. It is a family-run business with the promoters- Mr Harish J. Shah and son- Mr Sumit Shah - actively involved in the operations of the entity. The entity is primarily into the packet tea business as well as into manufacturing tea bags. Apart from its own brand, the company is also into the private label business for both domestic and export clients. It caters to export markets such as Russia, USA, Australia and Europe.

Key financial indicators (audited)

MJ IPL (consolidated)	FY2023	FY2024
Operating income	447.5	513.7
PAT	14.2	15.6
OPBDIT/OI	6.6%	5.8%
PAT/OI	3.2%	3.0%
Total outside liabilities/Tangible net worth (times)	0.9	0.6
Total debt/OPBDIT (times)	3.3	2.2
Interest coverage (times)	3.3	3.2

Source: Company, ICRA Research

MJ IPL (standalone)	FY2023	FY2024	FY2025*
Operating income	371.5	436.1	465.5
PAT	5.2	8.8	9.7
OPBDIT/OI	5.0%	5.3%	4.7%
PAT/OI	1.4%	2.0%	2.1%
Total outside liabilities/Tangible net worth (times)	1.0	0.8	0.9
Total debt/OPBDIT (times)	3.8	2.3	3.2
Interest coverage (times)	3.5	3.9	4.4

Source: Company, ICRA Research; * Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)					Chronology of rating history for the past 3 years					
FY2026					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	29.00	Sep 26, 2025	[ICRA]BBB+ (Stable)	-	-	-	-	-	-
Fund based-EPC	Long term	90.00	Sep 26, 2025	[ICRA]BBB+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Cash credit	Simple
Long term - Fund based - EPC	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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term - Fund based - Cash credit	NA	NA	NA	29.00	[ICRA]BBB+ (Stable)
NA	Long term - Fund based - EPC	NA	NA	NA	90.00	[ICRA]BBB+ (Stable)

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Multitrade Overseas Pte Ltd	100%	Full consolidation
Jayaf Ltd	100%	Full consolidation
Jay Tea Co LLC	100%	Full consolidation
Jay Overseas Dmcc	100%	Full consolidation
Multitrade Usa Llc	100%	Full consolidation

Source: Company data

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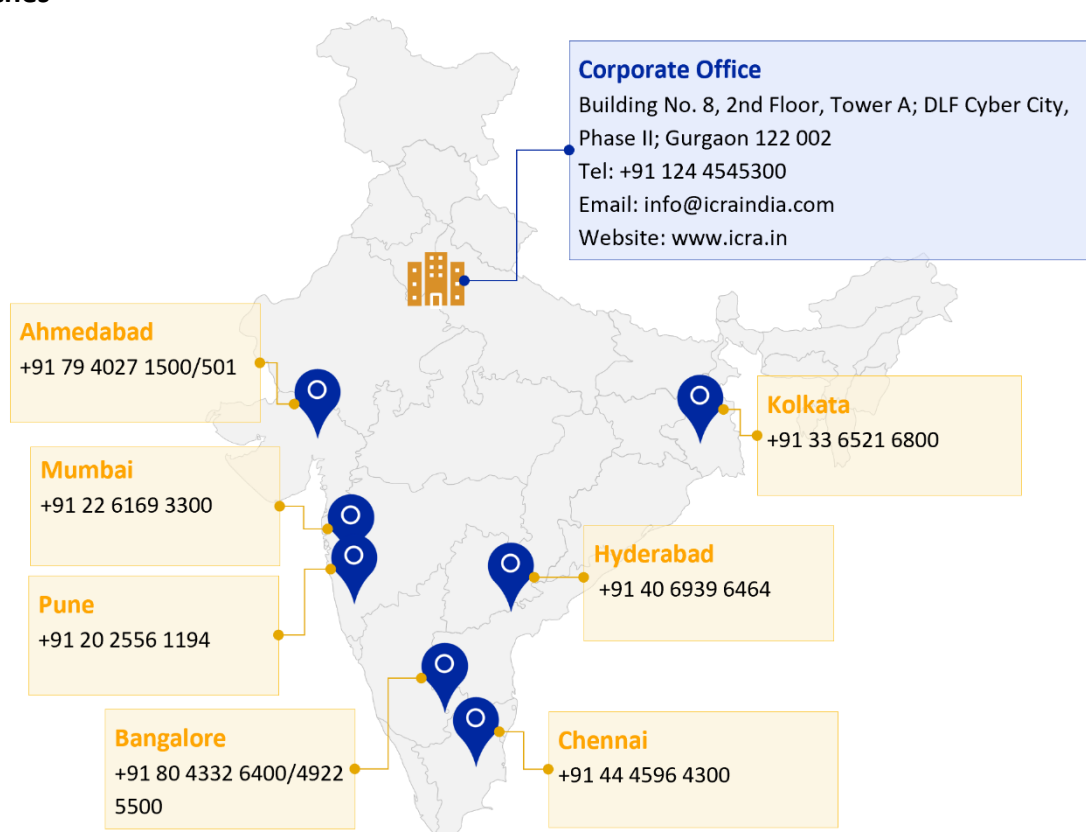
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