

June 16, 2025

## Girnar Food & Beverages Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-Based Limits- Working Capital Limits	12.00	12.00	[ICRA]A-(Stable); reaffirmed
Short-term Fund-Based Limits- Working capital Limits	37.50	37.50	[ICRA]A2+; reaffirmed
<b>Total</b>	<b>49.50</b>	<b>49.50</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings reaffirmation for Girnar Food & Beverages Private Limited (GFBPL) continues to favourably factor in the extensive experience of its promoters in the branded packaged tea business and good recognition of its in-house brand, Girnar, among hot beverages, especially in the leading tea-consuming market of Maharashtra, particularly Mumbai. The ratings continue to reflect the company's established customer base, given the regional preference for different taste/blend/flavours, resulting in repeat orders. This has helped GFBPL to maintain a sustained market share over the years. While a considerable decline in the share of export sales in FY2025 impacted the profit margins, the debt coverage indicators such as interest cover improved to 4.9 times due to lower interest costs, given the sizeable repayment of interest-bearing unsecured loans from related parties in the last two years. Moreover, the liquidity position remained adequate with sufficient headroom of Rs. 43.7 crore as on March 31, 2025 and absence of dividend outgo.

The ratings, however, remain constrained by the vulnerability of the company's profit margins to fluctuations in bulk tea prices, which depend on climatic conditions, leading to demand-supply gap in the domestic and international markets. Given the intense competition in the tea business, GFBPL may not be able to fully pass on the price increase to its customers, exerting pressure on its profit margins. The ratings remain exposed to the geographical concentration risk as 65-70% of the domestic sales is derived from Maharashtra (especially Mumbai), while 80-92% of exports is derived from Russia. ICRA also notes the headwinds faced by the company in the export market in FY2025 amid increased competition from Kenya. As per the management, exports are expected to pick up from FY2026 with tightening of supplies from Kenya. This remains a key monitorable. The company's customer concentration risk remains moderate with a single Russia-based customer accounting for 24-30% of the total revenues. However, a long, established relationship with the said customer ensures repeat orders, which provide comfort.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that GFBPL's credit profile is expected to remain comfortable, supported by strong business relationships with its customers in the overseas market and continued strong presence in Maharashtra. Along with limited reliance on external debt, the credit metrics are likely to be comfortable.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of promoters in packaged tea business; established brand in domestic market** – GFBPL is promoted by Shah and Bhansali families. Mr. Harendra Shah and Mr. Pravin Bhansali are the key promoters, having extensive experience of over four decades in the tea industry. GFBPL has established its position in the domestic market through the Girnar tea brand. Good recognition of the Girnar brand in the domestic market, especially in Maharashtra, and extensive experience of the promoters lend it with a competitive advantage in a highly fragmented industry.

**Established customer base** – The company’s customer profile includes traders of bulk tea and re-packed tea in the international market. Owing to its presence in the tea business for around four decades, GFBPL has developed strong business relationships with its customers in the overseas market, leading to repeat orders. It serves end-customers in the domestic market via distributors, retail outlets (through Group company) and franchise outlets. The company is also present on online platforms, where sales are growing steadily. GFBPL has successfully garnered repeat orders from its customers due to regional preference of specific tastes and blends, coupled with the consistent quality maintained by it over the years.

**Comfortable financial profile and adequate liquidity position** – Despite the Russia-Ukraine conflict, the company continued its exports to Russia as tea is an essential commodity and has not been included in embargo. Given the headwinds faced by the company in the export market in FY2025 amid increased competition from Kenya, the company’s export sales declined by 34% in FY2025 and the operating profit margin reduced to 3.8% in FY2025 from 5.9% in FY2024. Nonetheless, the debt coverage indicators such as interest cover improved to 4.9 times due to lower interest costs, given the sizeable repayment of interest-bearing unsecured loans from related parties in the last two years and controlled working capital cycle. In the absence of any major debt-funded capital expenditure (capex) plans and healthy liquidity position, the overall financial profile is likely to remain comfortable. The company’s liquidity position remains adequate, supported by cash, bank, and liquid investments of Rs. 9.3 crore and undrawn working capital limits of Rs. 43.7 crore from the bank as on March 31, 2024.

### Credit challenges

**Vulnerability of profit margins to fluctuations in bulk tea prices** – Tea availability depends on agro-climatic conditions in the domestic and international markets, resulting in significant fluctuation in bulk tea prices. In FY2025, bulk tea prices witnessed correction due to increased competition from Kenya. As per the management, bulk tea prices are expected to pick up from FY2026 with tightening of supplies from Kenya. This remains a key monitorable.

**Exposed to geographical concentration risk; brand loyalty in domestic market partly mitigates the risk** – The company has presence in both the international and domestic markets, with 40-60% of its sales generated from the domestic market during the last several years. In the domestic market, it is present in the branded packaged tea segment and is a regional player with 65-70% domestic sales generated from Maharashtra (especially Mumbai). Russia contributed 80-92% to its total export revenues during the last few years. Significant revenue contribution from Russia in the international market and Maharashtra in the domestic market result in a high geographical concentration risk. Besides, a single Russia-based customer contributes 24-30% to its total sales, reflecting high customer concentration risk. The same is mitigated to an extent due to established long-term business relationships with customers in Russia and brand loyalty in the domestic market, wherein the end users prefer to stick to a particular taste for their daily consumption.

**Intense competition limits pricing flexibility** – The company faces intense competition from other established brands (namely Wagh Bakri, 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. ICRA also notes the headwinds faced by the company in the export market in FY2025 amid increased competition from Kenya. As per the management, exports are expected to pick up from FY2026 with tightening of supplies from Kenya. This remains a key monitorable.

### Liquidity position: Adequate

While sizeable liquid investments were utilised to repay most of the interest-bearing unsecured loans in FY2025, the company’s liquidity position remained adequate, marked by cash and liquid balances of Rs. 9.3 crore as well as unutilised bank limits of Rs. 43.7 crore as on March 31, 2025. The average utilisation of fund-based working capital limits (sanctioned limits of Rs. 57.5 crore) stood moderate at 30% during the 15-month period ended in April 2025. Moreover, forego of dividend payout in FY2025 supported the retained cash flows. With improvement in share of revenues of margin accretive domestic sales and prudent working capital management, the retained cash flows are expected to remain healthy in FY2026. Against this, the company has negligible annual repayment of less than Rs. 1 crore in FY2026 and FY2027 each towards partial debt-funded capex incurred

in March 2025. However, any large dividend payout or cash outflow to related parties, which deteriorates the company's liquidity position would remain a key monitorable.

## 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, while maintaining its comfortable liquidity position and financial profile.

**Negative factors** – The ratings may be downgraded if there is a deterioration in the company's revenues and/or profitability, which adversely impacts the financial profile and/or the liquidity position. Interest cover remaining below 4.0 times, on a sustained basis, would be a negative factor.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Tea</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of GFBPL.

## About the company

Incorporated in 1987, Girnar Food & Beverages Private Limited (GFBPL) is promoted by the Shah and Bhansali families, who have equal shareholding and are actively involved in all the major functions of the company. The Group has long existence in the domestic branded packaged tea business through the Girnar brand. The company has a strong presence in Maharashtra, especially in the key market of Mumbai, where it generates most of its sales. The company also has a limited presence in Gujarat, Delhi, Goa, Jammu and Kashmir, and Rajasthan, among others. Domestic sales comprised 40-60% of its sales, with export sales making up the rest during the last five years. In the overseas market, the company trades in bulk tea, with a strong presence in Russia, which is its major export market. GFBPL's packaging unit is located at Umbergaon, Gujarat and tea blending units in Coimbatore (Tamil Nadu) and Kolkata (West Bengal).

## Key financial indicators (audited)

Company name (consolidated)	FY2024	FY2025*
Operating income	445.6	386.2
PAT	17.1	9.9
OPBDIT/OI	5.9%	3.8%
PAT/OI	3.8%	2.6%
Total outside liabilities/Tangible net worth (times)	0.5	0.2
Total debt/OPBDIT (times)	1.1	1.7
Interest coverage (times)	3.8	4.9

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

### Complexity level of the rated instruments

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	June 16, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based working capital limits	Long Term	12.00	[ICRA]A-(Stable)	-	-	28-MAR-2024	[ICRA]A-(Stable)	13-APR-2022	[ICRA]A-(Stable)
				-	-	-	-	17-MAR-2023	[ICRA]A-(Stable)
Fund-based working capital limits	Short Term	37.50	[ICRA]A2+	-	-	28-MAR-2024	[ICRA]A2+	13-APR-2022	[ICRA]A2+
				-	-	-	-	17-MAR-2023	[ICRA]A2+
<b>Instrument</b>				<b>Complexity indicator</b>					
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 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 working capital limits	NA	NA	NA	12.00	[ICRA]A- (Stable)
NA	Short term fund based – Working capital limits	NA	NA	NA	37.50	[ICRA]A2+

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**

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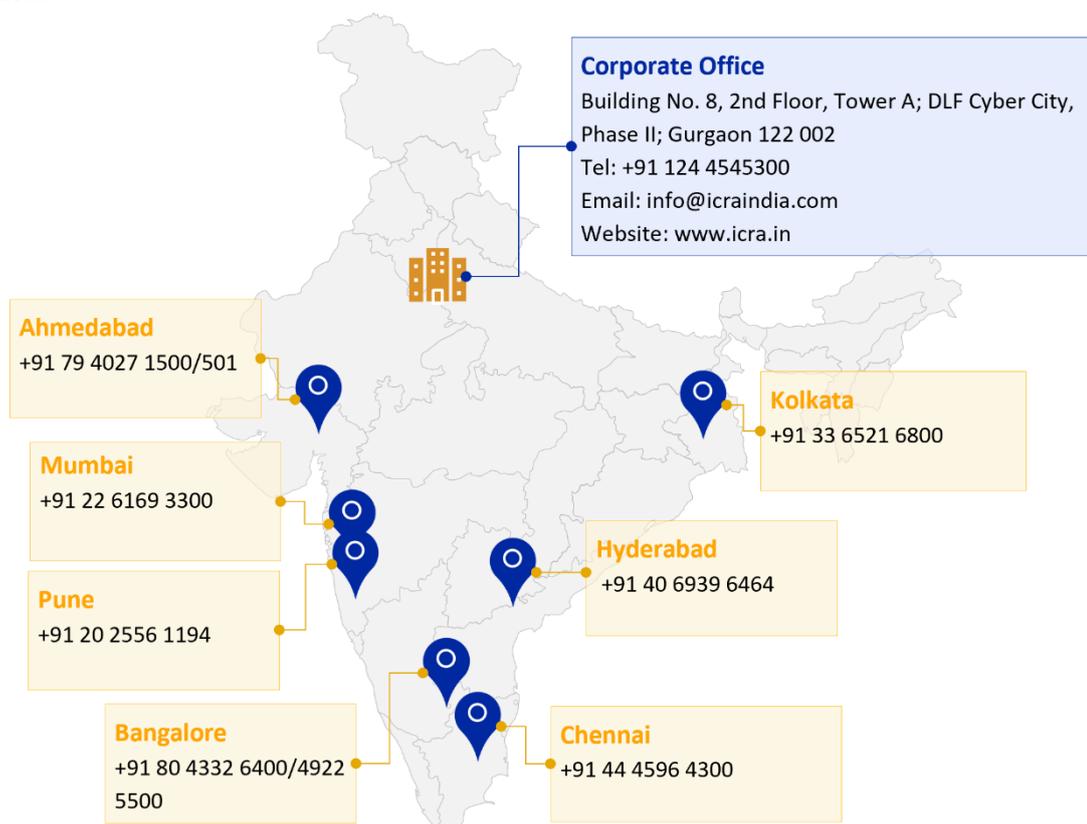
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