

## Graviss Foods Private Limited

August 13, 2025

| Facilities/Instruments                 | Amount<br>(₹ crore) | Rating <sup>1</sup>         | Rating Action |
|----------------------------------------|---------------------|-----------------------------|---------------|
| Long-term bank facilities              | 50.00               | CARE BBB; Stable            | Assigned      |
| Long-term / Short-term bank facilities | 17.00               | CARE BBB; Stable / CARE A3+ | Assigned      |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Graviss Foods Private Limited (GFPL) reflect the established track record and healthy market position of its domestic ice cream manufacturing and distribution business under the brand name 'Baskin Robbins', pursuant to an exclusive franchise agreement with Baskin Robbins International LLC for operating its business in India and South Asia, and the sustained improvement in its financial performance in the recent years considering steady demand and growth in distribution network. GFPL's operating income grew at a healthy compound annual growth rate (CAGR) of ~37% in the last four years to ₹344 crore in FY25, up ~19% year-over-year (y-o-y), considering ~13% rise in sales volume and ~7% growth in average realisations. Its profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin remained steady in the range of 12-13% per annum in the recent years. Ratings also derive comfort from its adequate debt coverage metrics marked by PBILDT interest coverage above 4x in FY25 and working capital cycle being comfortable in the range of 25-30 days in recent years. CARE Ratings Limited (CareEdge Ratings) expects GFPL's revenue to grow at CAGR of 12-15% in medium term while sustaining PBILDT margin above 12%, translating to adequate cash flows from operations and debt coverage metrics.

However, ratings are constrained by GFPL's leveraged capital structure as indicated adjusted overall gearing of 1.83x as on March 31, 2025, after adjusting for investments and advances to group entities. As on March 31, 2025, the company has extended ~₹88 crore investments/loans to group entities and received ~₹56 crore unsecured loans from its group. CareEdge Ratings understands GFPL's group entities are in an expansion phase and could require additional support from GFPL in the coming years. Sizeable incremental investment/loan to group entities constraining the capital structure or liquidity position remains a key monitorable. The entity is exposed to profitability susceptible to raw material price volatility. Ratings are also constrained by exposure to seasonality in demand for ice-creams, changing tastes of consumers and intense industry competition.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Consistent improvement in revenue above ₹450 crore with sustenance of PBILDT margin above 12% resulting in healthy cash accruals.
- Improvement in adjusted overall gearing below 1.25x on a sustained basis.

#### Negative factors

- Significant decline in revenue below ₹300 crore or PBILDT margins below 10% leading to lower-than-expected cash accruals.
- Higher-than-envisaged investments in group entities impacting liquidity on a sustained basis.
- Adjusted overall gearing above 2x or PBILDT interest coverage below 3.5x on a sustained basis.

### Analytical approach: Standalone while factoring support to Group

For arriving at ratings, CareEdge Ratings has assessed the standalone financial profile of GFPL while factoring in the support being extended to other group entities through investments and/or loans extended to them.

### Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectations that GFPL will continue to maintain an adequate financial risk profile in the medium term while benefiting from its established operational track record and experience of promoters.

### Detailed description of key rating drivers:

#### Key strengths

##### Established market position of 'Baskin Robbins' and expanding distribution network

GFPL manufactures and distributes ice-cream as the exclusive franchise-partner for 'Baskin Robbins' in India and South Asia Association for Regional Cooperation (SAARC) region. Per terms of the agreement, the company enjoys complete autonomy towards pricing, establishment of franchisee-store network and branding in the region and pays a royalty to Baskin Robbins

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

International LLC. Over the years, the company has constantly invested to come up with new products to cater the wide range of tastes, preferences and customer segments while also investing in its branding to establish market position. Its distribution network in India has also grown substantially to 972 parlours in FY25 against 797 parlours in FY23, with pan-India geographical presence. Apart from parlours, which contribute ~50% revenue, the company has consistently expanded its presence across modern trade and general trade channels, which accounted ~22% revenue in FY25, with presence also across food services. The company is also tapping quick commerce and other alternative channels to support medium-term revenue growth. Going forward, the company's plans to open ~100 franchise parlours per year and tap new channels is likely to support medium-term revenue growth.

#### **Growing but moderate scale of operations with steady profitability**

GFPL reported sustained growth in its total operating income (TOI) marked by CAGR of ~37% in the last four years ended March 31, 2025, to ₹ 344 crore in FY25 against ₹97 crore in FY21. It reported a y-o-y growth of ~19% in revenue in FY25 considering uptick in sales volume by ~13%, and improvement in realisation by ~7% on y-o-y basis owing to positive industry prospects. GFPL's PBILDT margin has consistently remained in the range of 11% to 13% in the last four years. In FY25, PBILDT margin stood at 13.2% compared to 12.2% in FY24, driven by improvement in realisation. Profit after tax (PAT) margin improved to 6.7% in FY25 compared to 5.8% in FY24 owing to improvement in profitability. Going forward, CareEdge Ratings expects revenues to grow at CAGR of 12-15% in medium term while sustaining PBILDT margin above 12%, translating to adequate cash flows from operations.

#### **Adequate debt coverage metrics and working capital cycle**

GFPL's debt coverage metrics stood at adequate levels marked by PBILDT interest coverage of 4.54x and total debt/PBILDT of 1.77x in FY25 (provisional) compared to 2.88x and 2.73x, respectively, in FY24 aided by improvement in profitability. GFPL's working capital cycle remained comfortable in the range of 20-35 days in the last four years considering average inventory of 50-55 days, average creditors of 40-50 days and average receivables of 8-25 days, translating to a comfortable net working capital to operating income metric. With limited incremental capital requirements and expectations of steady cash flows from operations, the company's debt coverage metrics and working capital cycle are expected to remain adequate.

#### **Experienced promoter group with diverse business profile**

The company is part of the Graviss Group, renamed from Ghai Group, which has diversified business interest across ice creams, hospitality, food and beverages and real estate. The group was among the pioneers of branded ice-cream retailing in India with the Kwaliti ice cream in 1939, which was later sold to Hindustan Unilever Limited in 1996. The group is currently headed by Gaurav Ghai as the Chairman, being the third-generation entrepreneur of the Ghai family. The group's operations encompass India, the SAARC region and across the Middle East. GFPL is currently managed by Vikram Seth, Managing Director, who manages the company's finance operation. The experienced management is expected to aid the business in scaling up over the coming years.

#### **Key weaknesses**

##### **Capital structure constrained by significant exposure to group entities**

The company's net worth stood at ₹122.52 crore as on March 31, 2025 (provisional), including ₹47 crore subordinated unsecured loan from Garviss Food Solutions Limited (parent entity). Against this, it had outstanding borrowings of ₹80.14 crore as on March 31, 2025 (provisional) including bank borrowings, lease liabilities and unsubordinated unsecured loans from group entities. The company has extended sizeable investments/loans to its group entities amounting ~₹84 crore as on March 31, 2025, which accounted for ~74% of the company's total net worth (TNW) as on same date. GFPL's net exposure to group entities stood at ~₹32 crore as on March 31, 2025 (investments/loans to group amounted ₹88 crore against unsecured loans received from parent of ₹56 crore). Adjusting for this exposure, GFPL's net worth remains constrained at ~₹44 crore as on March 31, 2025, translating to an adjusted overall gearing of 1.83x as on March 31, 2025. However, after adjusting free liquidity, its net adjusted gearing stood at 1.25x as on March 31, 2025. CareEdge Ratings notes the group entities are in an expansionary phase and could require incremental capital investment from GFPL, which could partly be funded through GFPL's cash flows and partly through infusion from ultimate parent entity. Sizeable incremental investment/loan to group entities constraining the capital structure or liquidity position remains a key monitorable.

##### **Susceptibility of profitability to raw material price volatility**

The key raw materials for manufacturing ice-cream are skimmed milk powder (SMP), milk, butter and cream, refined sugar, colors, flavors, dry fruits and fruits. Most key raw materials are linked to the dairy industry which exhibit high price volatility due to multiple factors including government policies, variation in production and diseases among others. The company's inability to pass on the raw material price volatility could impact its profitability. GFPL focuses on procuring the major SMP requirement for

the upcoming summer season as they have proper storage facility available for the same from October to March to avail the benefit of lower raw material prices and uninterrupted supply in summer. With pricing independence, an established brand name and focus on the premium segment, GFPL has largely been able to pass-on the impact of raw material price volatility to its customers and maintain steady margins which mitigate the risk to an extent.

#### **Exposure to seasonality in demand for ice-creams, changing tastes of consumers and intense industry competition**

Ice cream sales are mainly concentrated in summer, reflecting the seasonality of the business, with an extended slack season translating to possibilities of cash flow mismatch. Accordingly, working capital intensity peaks in the last two quarters of the financial year as manufacturers accumulate raw material inventory for the upcoming season. The business also remains susceptible to changing tastes of consumers leading to constant investment and innovation to come up with new products and flavours among others aligning with changes in the industry and changing customer preferences. Ice cream manufacturing and distribution industry also require sizeable marketing assets such as cold chains (owned/leased), deep freezers at retail outlets/ to dealers and refrigeration equipped delivery vehicles, which increase capital requirements. Indian ice-cream market is largely dominated by un-organised players and few large entities having nation-wide presence which leads to intense competition. GFPL's established brand name and long track record aids in mitigating the risks to an extent.

#### **Liquidity: Adequate**

GFPL's liquidity is adequate marked by sufficient projected gross cash accruals (GCA) of ₹30-45 crore per annum against scheduled repayment obligation of ₹10-13 crore per annum over the next three years and no major growth capex plan over the medium term. Its liquidity is supported by sizeable free cash and liquid investments (including fixed deposits and commercial papers) of ~₹25 crore as on March 31, 2025. Its average utilisation of sanctioned working capital limits remained less than 30% in the last 12 months ended May 2025, providing liquidity buffer. However, the company might make investments in or extend loans to its group entities, including repayment of outstanding unsecured loans from group, to support the group's growth plans from surplus liquidity. As on March 31, 2025 (provisional), its current ratio stood at 1.8x and quick ratio at 1.4x.

#### **Environment, social, and governance (ESG) risks: Not applicable**

#### **Applicable criteria**

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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#### **About the company and industry**

##### **Industry classification**

| Macroeconomic indicator    | Sector                     | Industry      | Basic industry |
|----------------------------|----------------------------|---------------|----------------|
| Fast moving consumer goods | Fast moving consumer goods | Food products | Dairy products |

GFPL is engaged in manufacturing and distributing ice creams and allied products in India. The company holds the exclusive franchise to carry out business in India and South Asia under the brand name of 'Baskin Robbins', which is a well-known brand across geographies. GFPL has an established distribution network of over 950 franchisee ice-cream parlours in India as on March 31, 2025. It has a manufacturing unit in Pune, Maharashtra, with a production capacity of 3 million litres ice-cream per month. The company was incorporated in 1984 and is managed by Vikram Seth.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (Prov.) |
|----------------------------|--------------------|------------------------|
| Total operating income     | 289.25             | 343.91                 |
| PBILDT                     | 35.30              | 45.38                  |
| PAT                        | 16.81              | 23.17                  |
| Overall gearing (times)    | 0.98               | 0.65                   |
| Interest coverage (times)  | 2.88               | 4.54                   |

A: Audited Prov.: Provisional; Note: these are latest available financial results

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

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

| Name of the Instrument                    | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|-------------------------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based - LT/ST-Working Capital Limits | -    | -                             | -               | -                          | 17.00                       | CARE BBB; Stable / CARE A3+        |
| Term Loan-Long Term                       | -    | -                             | -               | 14-07-2030                 | 50.00                       | CARE BBB; Stable                   |

#### Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/Bank Facilities    | Current Ratings |                              |                             | Rating History                              |                                             |                                             |                                             |
|---------|-------------------------------------------|-----------------|------------------------------|-----------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
|         |                                           | Type            | Amount Outstanding (₹ crore) | Rating                      | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1       | Term Loan-Long Term                       | LT              | 50.00                        | CARE BBB; Stable            | -                                           | -                                           | -                                           | -                                           |
| 2       | Fund-based - LT/ST-Working Capital Limits | LT/ST           | 17.00                        | CARE BBB; Stable / CARE A3+ | -                                           | -                                           | -                                           | -                                           |

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

#### Annexure-4: Complexity level of instruments rated

| Sr. No. | Name of the Instrument                     | Complexity Level |
|---------|--------------------------------------------|------------------|
| 1       | Fund-based - LT/ ST-Working Capital Limits | Simple           |
| 2       | Term Loan-Long Term                        | Simple           |

#### Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

|                                                                                                                                                                                                                      |                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Media Contact</b><br><br>Mradul Mishra<br>Director<br><b>CARE Ratings Limited</b><br>Phone: +91-22-6754 3596<br>E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>                  | <b>Analytical Contacts</b><br><br>Akhil Goyal<br>Director<br><b>CARE Ratings Limited</b><br>Phone: +91-22-6754 3590<br>E-mail: <a href="mailto:akhil.goyal@careedge.in">akhil.goyal@careedge.in</a> |
| <b>Relationship Contact</b><br><br>Ankur Sachdeva<br>Senior Director<br><b>CARE Ratings Limited</b><br>Phone: +91-22-6754 3444<br>E-mail: <a href="mailto:ankur.sachdeva@careedge.in">ankur.sachdeva@careedge.in</a> | Raunak Modi<br>Assistant Director<br><b>CARE Ratings Limited</b><br>Phone: +91-22-6754 3537<br>E-mail: <a href="mailto:raunak.modi@careedge.in">raunak.modi@careedge.in</a>                         |
|                                                                                                                                                                                                                      | Smith Jain<br>Lead Analyst<br><b>CARE Ratings Limited</b><br>E-mail: <a href="mailto:smith.jain@careedge.in">smith.jain@careedge.in</a>                                                             |

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