

Tata Consumer, HUL in talks to buy tea major Girnar

Deal could be valued at ₹1,000-1,500 crore

SHARLEEN D'SOUZA & SAMIE MODAK

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Top consumer product companies Hindustan Unilever (HUL) and Tata Consumer Products, among others, are believed to be in the race to acquire Girnar Food & Beverages, the Gujarat-based tea major, at a valuation of ₹1,000-1,500 crore.

The discussions, however, are at an initial stage, according to two sources aware of the developments.

Viduit Shah, executive director at Girnar Food & Beverages, told *Business Standard*, "As a matter of company policy we do not comment or respond to speculation."

He added that the firm was family owned and the promoters were committed to building the business. "Investment bankers approach us periodically to evaluate shareholder value creation avenues, including private equity fund raises, but there are no talks ongoing with any investors," he added.

HUL and Tata Consumer Products said in separate email statements that they do not comment on market speculation.



DEAL BREWING

Key financials of Girnar Food & Beverages, in ₹ crore

	FY20	FY21
Revenue	325.2	380.8
PAT	13.5	22.8

▶ Company incorporated in 1987

▶ Promoted by the Shah and Bhansali families, with Harendra Shah and Pravin Bhansali being the key promoters

▶ 40-45% sales are generated from domestic market

▶ Has a strong presence in Russia, from where it generates 80-90% of its total export sales

Sources: Tracxn; ICRA

Reliance Retail launches FMCG brand in Gujarat

Reliance Consumer Products launched its consumer packaged goods brand, Independence, in Gujarat, the firm said in a release. Its product portfolio, which includes staples, processed food, and other daily essentials, was introduced to consumers and kirana partners on the centenary celebration of Pramukh Swami Maharaj at Akshardham in Ahmedabad. ▶

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While the sources indicated that Dabur was also interested in a deal, the company denied this. It said in an email: "This is not true. We have not evinced any interest nor held any such discussions for acquiring Girnar." HUL and Tata Consumer Products dominate the Indian tea segment while Dabur recently entered the category. It also recently forayed into the premium tea market with the launch of Dabur Vedic Tea. The acquisition would strengthen the buyer's hold in the western Indian market, said a source close to the development.

Girnar Food & Beverages was launched in 1987 and is promoted by the Shah and Bhansali families. According to ICRA, both families have equal shareholding in the company and are actively involved in all its major functions.

The report by ICRA also stated that Girnar Food & Beverages has a strong presence in Maharashtra, especially in Mumbai, from where it generates a majority of its domestic sales.

"It has a limited presence in Gujarat, Delhi, Karnataka, Jammu and Kashmir, Telangana and Rajasthan, among others. Domestic sales contribute 40-45 per cent to its total revenues, while exports account for the rest. In the overseas mar-



ket, the company trades in bulk tea, with a strong presence in Russia, from where it generates 80-90 per cent of its total export sales," ICRA said in its report on the company.

According to market intelligence platform Tracxn, Girnar's revenue in FY21 stood at ₹380.8 crore, compared with ₹325.2 crore in FY20. It recorded a profit of ₹22.8 crore in FY21, compared with ₹13.52 crore in FY20.