



## Press Release

### Bharatiyam Beverages Private Limited

July 29, 2024

#### Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1.	Long Term Bank Facility	267.00	IVR BBB- /Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
<b>Total</b>		<b>267.00</b>	<b>Rupees Two Hundred Sixty Seven Crore Only</b>			

Details of Facilities are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

#### Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has assigned long term rating of IVR BBB- with a Stable outlook for the bank loan facilities of Bharatiyam Beverages Private Limited (BBPL).

The rating continues to draw comfort from its experienced promoters and management, location advantage, high revenue visibility as marketing agreement with Reliance Consumer Private Limited. However, these rating strengths are partially offset by project implementation risks, presence in a highly competitive industry, exposed to revenue concentration risk.

The 'Stable' outlook is expected to remain in the medium term due to adequate demand of its products as well as experience of the promoters in similar line of business through its group companies.

IVR has principally relied on the unaudited certified provisional financial results of BBPL's for FY2024 (refers to period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024) and projected financials from FY2025 to FY2030, and publicly available information/ clarifications provided by the company's management.

#### Upward factors

- Project to be completed without cost and time overrun.
- Accomplishing projected operating parameters.



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### **Downward factors**

- Any delay in completion of project with cost and time overrun.
- Not achieving the projected operating parameters.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced promoters and management:**

The company's promoters bring extensive industry experience and a proven track record in successfully managing current operations. They possess the necessary technical proficiency to oversee manufacturing units and effectively promote products. The company, a part of the Bharatiyam Group, has diversified into the Beverages Industry, entertainment industry, and fuelling operations. Furthermore, they are supported by a skilled and seasoned management team that handles daily operational responsibilities.

##### **Location advantage:**

The project site located in Muzaffarnagar which is well connected by roads, markets, communication, power, and water resources. It benefits from sufficient availability of technical, managerial, skilled, and unskilled manpower for both project implementation and subsequent operations. Furthermore, Muzaffarnagar serves as a key industrial hub, with major industries including sugar, steel, and paper production. The project is located on the bank side of Ganga canal and good quality of underground water is available at the site.

##### **High revenue visibility as agreement with RCPL:**

The company has entered into 15 years agreement with Reliance Consumer Product Limited (RCPL) which was executed on 14.08.2023 for off taking of its carbonated drinks, juices and water bottles from commercial operation date which provides revenue visibility. As per the agreement with RCPL, it has agreed to pay for the relevant orders within 30 days from the date of receipt product at the delivery location mentioned in the order. In case of any delay in payment by RCPL, it has to pay interest at rate equal to prevailing bank interest rate plus 1% of such additional rate. RCPL may at its sole discretion on the request of supplier pay the packaged products price in advance. All such advance shall be adjusted and be set off against future delivery of packaged products or any other amount payable under the agreement.

#### **Key Rating Weaknesses**

##### **Project implementation risks:**

The company expects construction of the project to be completed by December 2024, with operations scheduled to commence in January 2025. Till the completion of project there remains a risk related to project implementation. In the medium term, delays in construction are a critical factor affecting the company's rating, as they can impact future revenue and cash



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flow negatively. It is crucial to ensure timely progress in construction to meet the project's deadlines.

### **Exposed to revenue concentration risk:**

BBPL relies entirely on Reliance Consumer Product Ltd (RCPL) for its revenue, making the continuation of this relationship crucial for sustaining its operations. While RCPL also sources products from other manufacturing facilities, its dependency on BBPL is limited. Nevertheless, BBPL finds reassurance in its successful business relationship with RCPL. However, since the RCPL has also invested in the project and will be the sole plant in northern India, risk is mitigated to large extent.

**Analytical Approach:** For arriving at the ratings, IVR has analysed BBPL's credit profile by considering the standalone financial statements of the company.

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)  
[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)  
[Criteria for assigning Rating outlook.](#)  
[Policy on Default Recognition](#)  
[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The entity is projected to maintain an adequate level of inflow post commencement of operations. The company is expected to generate gross cash accruals of ~Rs. 9.92 crore to ~Rs.57.57 crore as against its debt repayment obligations of ~Rs.4.32 crore to ~Rs.25.05 crore in the period FY2025- FY30. The working capital loan of Rs.15.00 crore is sanctioned for the smooth functioning of the company post commercial operation on day-to-day basis. Cash balances of the company is expected to be within range of ~Rs.5.64 crore to Rs.117.65 crore in the projected years and liquidity is largely depending on timely commencement of the commercial operation.

### **About the Company**

Bharatiyam Beverages Private Limited is setting up a manufacturing unit of Carbonated Soft Drinks, Juices and Bottled Water under a co-packing agreement with Reliance Consumer Products Limited (RCPL). As per the agreement, Bharatiyam shall set up the plant and manufacture the beverages under Reliance brands and sell 100% products back to Reliance. RCPL will be handling the marketing and distribution of the products. Bharatiyam's



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responsibility will be only on to the extent of manufacture the products as per the standards and quality norms as prescribed by Reliance. Reliance Consumer Products Limited shall be co-investing in the purchase of the lines. All the three lines will be supplied by Reliance Consumer Products Limited and provided on bailment to Bharatiyam. Bharatiyam shall be investing in all balance project expenses like buildings, Process equipment, infrastructure etc.

### Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	-	0.46
EBITDA	-	-0.15
PAT	-	-0.04
Total Debt	-	12.80
Tangible Net worth	-	0.40
EBITDA Margin (%)	-	-32.50
PAT Margin (%)	-	-6.80
Overall Gearing Ratio (x)	-	0.18
Interest Coverage Ratio (x)	-	0.00

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based	Long Term	267.00	IVR BBB-/Stable	-	-	-

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**About Infomerics:**



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Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan – I	-	-	September 2035	127.00	IVR BBB-/Stable
Term Loan – II	-	-	December 2034	125.00	IVR BBB-/Stable
Working Capital Loan	-	-	-	15.00	IVR BBB-/Stable



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**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-bharatiyam-july24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated securities/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/Combined analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).