



Press Release
Jai Beverages Private Limited
April 30, 2024

Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	35.00	ACUITE AA- Stable Assigned	-
Bank Loan Ratings	174.00	ACUITE AA- Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	209.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating of '**ACUITE A+**' (read as **ACUITE A plus**) to '**ACUITE AA-**' (read as **ACUITE double A minus**) on the Rs. 174.00 Cr. bank facilities of Jai Beverages Private Limited (JBPL). The outlook is '**Stable**'.

Acuite has assigned its long-term rating of '**ACUITE AA-**' (read as **ACUITE double A minus**) on the Rs. 35.00 Cr. bank facilities of Jai Beverages Private Limited (JBPL). The outlook is '**Stable**'.

Rationale for rating action

The rating considers the fact that the company has registered a CAGR of 15.99% in past 4 years ending FY24 and stood at Rs. 646.54 Cr. demonstrating sustained improvement in operational risk profile. Further company's working capital management is comfortable marked by comfortable GCA days and comfortable limit utilization. The rating also factors in the strong financial risk profile with debt-equity ratio below unity, healthy net worth and strong debt protection metrics. However, the above strengths are constrained by geographical restrictions and susceptibility to changes in regulation and customer preference.

About the Company

Jai Beverages Private Limited (JBPL), is a New Delhi based company, incorporated in 1999 with manufacturing facility located at Jammu. The company is engaged in manufacturing and bottling of soft drinks. JBPL has trademark license agreement with PepsiCo India Holdings Private Limited for manufacturing and sales in Jammu & Kashmir region. The products that are manufactured by the company are Pepsi Cola, Mirinda Orange, Mirinda Lemon, and Mountain Dew, 7 UP, Nimbooz, Slice, Evervess Soda and Diet Pepsi. Apart from this company is also operating Adidas outlets and have opened around 27 outlets pan India.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financials and business risk profile of Jai Beverages Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Experienced promoters

JBPL is managed by Mr. Anuraag Jaipuria and Mr. Razdan, with more than two decades of

experience in the beverage bottling industry. They are assisted by directors, Mr. M.P Jaipuria and Mr. C.K Jaipuria, who have more than five decades of experience in the aforementioned industry. The company has long-standing agreement with PepsiCo India since 2000, through the franchise agreement for bottling and distribution of its soft drinks, juice, soda and packaged drinking water for Jammu and Kashmir region. Acuite believes that the company would continue to benefit from experience of the Directors and long track record of the company.

Comfortable Working Capital Management

The company has comfortable working capital management with Gross Current Asset days at 71 days during FY 2023 (79 days in FY2022). The company extends credit period of 7-30 days to its customers. The inventory days remained at 38 days as on March 31, 2023 as against 28 days as on March 31, 2022. The company maintains stock of 'concentration' received from Pepsi for 2 days due to its lower shelf life and other chemicals for 10-15 days. Further, JBPL also maintain sugar for a week and bottle caps for 30 days. The company avails credit period of 15-30 days from its suppliers. Creditor days in FY 2023 stood at 28 days as against 22 days in FY 2022. Average bank limit utilization stood comfortable at 59.45% for 6 months' period October 2023 to March 2024.

Strong Financial Risk Profile

Company has a strong financial risk profile with debt-equity ratio below unity, healthy net worth and strong debt protection metrics. Tangible Net worth stood at Rs. 277.57 Cr. as on March 31 2023 as against Rs. 226.42 Cr. as on March 31, 2022. Total debt of Rs. 65.95 Cr. as on March 31 2023 consists of Rs. 44.28 Cr. of long-term loans, Rs. 21.19 Cr. of working capital borrowings and Rs. 0.48 Cr. of CPLTD. Gearing remained below unity between FY 2020-2023. Interest coverage ratio moderated but remained strong at 101.07 times in FY2023 as against 135.66 times in FY 2022 and 165.77 times in FY 2021. Likewise, DSCR also saw a dip from 28.03 times in FY 2022 to 20.88 times in FY 2023, which remains strong. NCA/TD moderated and stood at 1.00 times in FY 2023 as against 5.64 times in FY 2022. TOL/TNW and Debt-EBITDA has remained below unity between FY 2021-2023.

Weaknesses

Susceptibility to changes in regulations and customer preference

The beverage industry remains susceptible to changes in government regulations regarding the content of soft drinks and to increasing environmental concerns in India about groundwater depletion and discharge of effluents by bottling plants. Further, the beverage industry is susceptible to changes in consumer preferences. Since the company generates ~70 percent of its sales from aerated drinks, the cash flows may be impacted by consumers shifting their preference to non-aerated drinks for health reasons.

Operations restricted to J&K region

The company has received licensing agreement exclusively for Jammu and Kashmir region. Hence, any halt in operations in the region is expected to impact revenue of the company.

Rating Sensitivities

- Increase in scale of operations with improvement in profitability margins.
- Efficient working capital management
- Stability in production from the new unit and optimum capacity utilization

Liquidity Position

Strong

Company has strong liquidity position. In FY 2023, company generated net cash accrual of Rs. 66.25 Cr. against maturing debt obligation of Rs. 2.39 Cr. The company is expected to generate cash accruals in the range of Rs. 100- 125 Cr. in during FY25 & FY26 wherein the debt repayment obligation will be in the range of Rs. 24-25 Cr. during the same period giving adequate liquidity buffer for capex as well as working capital requirements. The current ratio of the company stood at 1.36 times FY23 showing optimum balance of current assets and current liabilities. Average bank limit utilization stood comfortable at 59.45% for 6 months' period October 2023 to March 2024. The moderate working capital limit utilization provides adequate legroom for additional working capital requirement in the form of undrawn limits.

Coupled with that the below unity gearing position gives company the liberty to raise funds for capex without much compromising upon the leverage position. Unencumbered cash and bank balance of Rs. 8.05 Cr. as on 31st December 2023 provides additional liquidity cushion to the company.

Outlook: Stable

Acuité believes that the outlook on JBPL will remain 'Stable' over the medium term on account of its experienced promoter and long track record of operations. The outlook may be revised to 'Positive' in case of significant improvement in scale of operations while improving the profitability position. Conversely, the outlook may be revised to 'Negative' in case of any stretch in its working capital management or deterioration in its revenue putting pressure on the liquidity position or financial risk profile of the company.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	585.48	452.71
PAT	Rs. Cr.	51.19	46.01
PAT Margin	(%)	8.74	10.16
Total Debt/Tangible Net Worth	Times	0.24	0.05
PBDIT/Interest	Times	101.07	135.66

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Jan 2023	Cash Credit	Long Term	10.00	ACUITE A+ Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A+ Stable (Assigned)
	Term Loan	Long Term	72.00	ACUITE A+ Stable (Assigned)
	Cash Credit	Long Term	15.00	ACUITE A+ Stable (Assigned)
	Term Loan	Long Term	72.00	ACUITE A+ Stable (Assigned)
03 Nov 2021	Term Loan	Long Term	10.00	ACUITE A+ (Reaffirmed & Withdrawn)
	Term Loan	Long Term	4.00	ACUITE A+ (Reaffirmed & Withdrawn)
	Cash Credit	Long Term	10.00	ACUITE A+ Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE AA- Stable Upgraded (from ACUITE A+)
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE AA- Stable Upgraded (from ACUITE A+)
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE AA- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE AA- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	30 Sep 2023	Not avl. / Not appl.	30 Sep 2029	Simple	72.00	ACUITE AA- Stable Upgraded (from ACUITE A+)
Yes Bank Ltd	Not avl. / Not appl.	Term Loan	14 Aug 2023	Not avl. / Not appl.	14 May 2031	Simple	72.00	ACUITE AA- Stable Upgraded (from ACUITE A+)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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