

March 24, 2025

Bharat Innovative Glass Technologies Private Limited: [ICRA]BBB- (CE) (Stable) /[ICRA]A3 (CE); assigned

Summary of rating action

| Instrument* | Current rated amount (Rs. crore) | Rating action |
|--|-------------------------------------|---|
| Long Term- Fund Based- Term Loan | 447.0 | [ICRA]BBB- (CE) (Stable); assigned |
| Short Term- Non-fund based - Interchangeable – LER | (2.00) | [ICRA]A3 (CE); assigned |
| Long Term/Short Term- Interchangeable-BG/Capex LC | (100.0) | [ICRA]BBB- (CE) (Stable) /[ICRA]A3 (CE); assigned |
| Total | 447.00 | |

*Instrument details are provided in Annexure I

| | |
|--|---------------------|
| Rating without explicit credit enhancement | [ICRA]BB+/[ICRA]A4+ |
|--|---------------------|

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement.

Rationale

For [ICRA]BBB- (CE) (Stable)/ [ICRA]A3 (CE) rating

The assigned ratings of [ICRA]BBB- (CE) (Stable)/ [ICRA]A3 (CE) for Rs. 447.0-crore bank facilities of Bharat Innovative Glass Technologies Private Limited (BIGTECH) are based on the strength of the corporate guarantee provided by its sponsor, Optimus Infracore Limited (OIL). The Stable outlook on the long-term rating reflects ICRA's outlook on the credit profile of the guarantor, OIL.

Adequacy of credit enhancement

The ratings of the bank facilities are based on the credit substitution approach, whereby ICRA's opinion on the credit profile of the guarantor has been translated into the rating of the said facility. The guarantee is irrevocable, unconditional, covers the entire amount and tenure of the rated facilities and has a well-defined pre-default invocation and payment mechanism. Given these attributes, the guarantee provided by OIL is adequately strong to result in an enhancement in the rating of the said facility to [ICRA]BBB- (CE) (Stable)/ [ICRA]A3 (CE) against the rating of [ICRA]BB+[ICRA]/A4+ without explicit credit enhancement. If ICRA's opinion on the credit profile of the guarantor changes in future, the same would reflect in the ratings of the aforesaid facilities as well.

Salient covenants of the rated facility

- » Bank reserves the absolute right to cancel the sanctioned limits (either fully or partially) unconditionally without prior notice:
 - In case limits/part of limits are not utilised by the company, and/or
 - In case of the deterioration in the loan account of the borrower in any manner whatsoever, and/or
 - In case of non-compliance of terms and conditions of the sanction letter
- » Three months of DSRA (principal and interest) to be maintained
- » BIGTECH to maintain DSCR, interest coverage and debt/OPBDITA of 1.06 times, 1.09 times and 12.29 times, respectively in FY2026-27

Key rating drivers and their description

Credit strengths

Group's established operational track record and extensive experience of the promoters in distribution and contract manufacturing of electronics and IT hardware products – OIL has been in the electronic device distribution business for the past 30 years. At present, the company primarily distributes various electronics and IT-related devices of Plantronics, a US-based manufacturing company. In addition to the distribution business, the Group generates revenue by assembling electronic devices, including hearables/wearables, networking and information technology (IT) products and serves various OEMs in the domestic market through OEL and GDN Enterprises Private Limited (GDN). Over the years, the company has built sizeable assembly capacities across three plants, housed within OEL and GDN. Mr. Ashok Gupta, a first-generation entrepreneur with four decades of experience in trading and mobile handset distribution, continues to oversee the day-to-day operations of the Group. He is assisted by his son, Mr. Neetesh Gupta, who oversees the operations of OEL, GDN and the new company, BIGTECH. The project execution and prospective client engagement in BIGTECH are also being jointly handled by the senior leadership team of Corning.

Reputed customer base – The Group launched its EMS business through OEL and GDN. OEL manufactures wearables and hearable for reputed customers in the Indian market. Over the years, it has served key customers such as Noise, Asus, BharatPe, CP Plus, Prime Book, Lava, Xiaomi (TWS), Truke, Flipkart, Croma, Syska for products like smart watches, laptops, tablets, mobiles. In FY2024, GDN commenced operations with manufacturing/assembly of router for Reliance-Jio. Apart from this, the Group has also recently announced a tie-up with TP Link for manufacturing routers.

Healthy revenue growth in recent years; momentum expected to sustain, aided by favourable demand outlook – The Group's operating income (OI) has grown to ~Rs. 1,528 crore in FY2024 from ~Rs. 221 crore in FY2021 on a consolidated basis. Maintaining the momentum, the company reported an OI of ~Rs. 1,441 crore in 9M FY2025, translating into a YoY growth of ~39%. The growth in OI has been largely in GDN, which reported ~Rs. 951 crore in 9M FY2025 over ~Rs. 248 crore in 9M FY2024. Given the sizeable assembly capacities built over the last few years, the Group's revenue growth is expected to be supported by the order book in hand and favourable demand outlook having in the EMS segment.

Credit challenges

Limited value-added nature of operations results in low margins in an intensely competitive industry – The EMS business is intensely competitive due to the presence of numerous players, limiting their pricing flexibility. This coupled with limited value-added nature of operations further moderates the profit margins for industry players. However, the Group's margins have improved slightly in the current fiscal due to a shift in some OEMs' business towards job work and economies of scale.

Significant debt-funded capex being undertaken in BIGTECH to keep the credit metrics moderate over near term – Under a JV with Corning, OIL is setting up a cover glass manufacturing plant in BIGTECH for a total project cost of ~Rs. 660 crore, to be funded by debt of Rs. 447 crore (already sanctioned) and the balance Rs. 213 crore as equity. Nonetheless, large debt addition over FY2026-FY2028 is expected to keep OIL's consolidated credit metrics moderate as earnings from BIGTECH would commence materially from FY2027. After the commissioning, stabilisation of operations will be key for generations of adequate cash flows for meeting debt servicing obligations. However, given the long tenure (12 years including 2 years of moratorium for phase 1&1A and 11 years and 9 months with 21 months of moratorium for phase 2) of the term loan, project cash flows are expected to be adequate to meet the debt servicing obligations comfortably.

Revenue volatility in absence of long-term contracts with OEMs, dependence on performance of OEMs – As the tenure of the agreement is not more than one year for existing customers, the contracts are subject to renewal risk. Any loss of key OEM customers for OEL/GDN would remain a key monitorable. In addition to competitive risks from other vendors, the performance of OEMs remains crucial for the business prospects of vendors/distributors such as OIL.

Environmental And Social Risks

Environmental considerations: Environmental risks for industry players include the use of and handling of hazardous waste or materials, as well as waste disposal practices. These standards expose the Group to the risk of substantial environmental costs and liabilities, including liabilities associated with past activities. All the manufacturing units of OEL and GDN (100% subsidiaries of OIL) are equipped with permits, licences, and the expertise to handle such hazardous wastes and materials. OEL has the capability to manufacture Restriction of Hazardous Substance (RoHS)-compliant products.

Social considerations: OEL and GDN are exposed to social risks, including the implementation of labour rights and maintaining corporate governance. The health and safety concerns of the employees are addressed with comprehensive measures and the initiatives expand beyond the company facilities to cover the communities around the locations. Nearly 85% of the employees were provided with training in safety and for skill upgrades. The company has board-approved policies in place to ensure workplace safety.

Liquidity position

For [ICRA]BBB- (CE) (Stable)/ [ICRA]A3 (CE): Adequate

OIL's liquidity position is **adequate**, supported by annual cash accrual generation of Rs. 70-80 crore, ~Rs. 74 crore of cash and bank balances and ~Rs. 10 crore of buffer in cash credit limit as of December 2024. OIL is in the midst of raising equity capital worth ~Rs. 434 crore in the medium term, which is expected to reduce the working capital debt apart from the scheduled deployment in capex in various subsidiaries, including BIGTECH. The internal accruals, available surplus and equity raised are expected to adequately fund annual debt repayments of Rs. 16-17 crore over FY2026-FY2027, incremental working capital requirements and capex of Rs. 650-700 crore over FY2025-FY2027.

For [ICRA]BB+/[ICRA]A4+: Stretched

BIGTECH's liquidity position is **stretched** in the absence of any fund-based or non-fund-based working capital facilities. The company is establishing its manufacturing plant, for which the commercial operations are likely to start in Q4 FY2026. The project funding has been tied up with sanctioned term loan of Rs. 447 crore and the balance Rs. 213 crore as equity infusion by OIL and Corning. The company has moratorium till October 2026 for the repayment of term loan. In case of funding requirement, both the shareholders are expected to infuse funds in a timely manner.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings in case of strengthening of the credit profile of OIL.

Negative factors – Pressure could arise on the ratings in case of a deterioration in the credit profile of OIL.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology |
| Parent/Group support | The ratings are based on the unconditional, irrevocable and continuing guarantee from OIL that covers all the repayment obligations of the sanctioned facilities. |
| Consolidation/Standalone | Standalone |

About the company

BIGTECH is a JV between OIL and Corning with debt funding of ~Rs. 447 crore and equity capital of Rs. 213 crore from the said companies in the ratio of 70:30. The proposed manufacturing plant is in Kancheepuram, near Chennai in Tamil Nadu, which is likely to commence commercial production in Q4 FY2026. The initial product would be the cover glass for smartphones with a

capacity to manufacture ~30 million units annually, which will increase to ~150 million in the long term. The technology and key raw materials required to manufacture cover glass would be provided by Corning. BIGTECH is also expected to earn healthy incentives on the project investments from state and Central Government under capital intensive schemes.

BIGTECH's project is in the initial stages and land development is under progress. As the project is in a relatively nascent stage, it exposes the company to project related risks such as execution and time/cost overrun. However, ICRA draws comfort from the established business position of both the project sponsors in the mobile phone/component industry, with Corning among the leading global players in the cover glass industry. The association with Corning, a leading player in this space, is expected to provide significant benefits to the Group in terms of technical expertise and clientele. ICRA will continue to monitor the impact of such risks, if any. The completion of the project without any material time/cost overrun, commencement of operations and achieving operational efficiency in BIGTECH remain crucial and key monitorable.

Key financial indicators (Audited)

| BIGTECH – Standalone | FY2024* |
|--|---------|
| Operating income | - |
| PAT | - |
| OPBDIT/OI | - |
| PAT/OI | - |
| Total outside liabilities/Tangible net worth (times) | - |
| Total debt/OPBDIT (times) | - |
| Interest coverage (times) | - |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; *project company with no operations yet
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

About the guarantor

OIL is a public company incorporated in 1993. It has an established track record in the electronic and IT device distribution business with reputed OEMs. At present, the company primarily distributes various electronics and IT-related devices of Plantronics, a US-based manufacturing company. OIL's shares are listed on BSE and NSE. The Group generates substantial revenue by assembling electronic devices, including hearables/wearables, networking and information technology (IT) products and serves various OEMs in the domestic market through OEL and GDN, 100% subsidiaries of OIL.

Key financial indicators (Audited)

| OIL Consolidated | FY2023 | FY2024 | 9M FY2025* |
|--|--------|--------|------------|
| Operating income | 1196.3 | 1528.4 | 1440.7 |
| PAT | 48.8 | 52.5 | 40.9 |
| OPBDIT/OI | 4.0% | 5.2% | 5.9% |
| PAT/OI | 4.1% | 3.4% | 2.8% |
| Total outside liabilities/Tangible net worth (times) | 1.4 | 2.2 | - |
| Total debt/OPBDIT (times) | 2.5 | 2.1 | - |
| Interest coverage (times) | 8.1 | 10.0 | 3.7 |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; * Provisional financials
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

| Instrument | Type | Current rating (FY2025) | | Chronology of rating history for the past 3 years | | | | | | | |
|-----------------------------|--------------------------|-----------------------------------|---|---|--------|--------|--------|--------|--------|--------|--------|
| | | Amount rated (Rs. crore) | 24-Mar- 2025 | FY2025 | | FY2024 | | FY2023 | | FY2022 | |
| | | | | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| Term Loan | Long term | 447.0 | [ICRA]BBB-(CE) (Stable) | - | - | - | - | - | - | - | - |
| Interchangeable – LER | Short term | (2.00) | [ICRA]A3 (CE) | - | - | - | - | - | - | - | - |
| Interchangeable-BG/Capex LC | Long term/ Short Term | (100.00) | [ICRA]BBB-(CE) (Stable) /[ICRA]A3 (CE) | - | - | - | - | - | - | - | - |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|--|----------------------|
| Long Term- Fund Based- Term Loan | Simple |
| Short Term- Non-fund based - Interchangeable – LER | Very Simple |
| Long Term/Short Term- Interchangeable-BG/Capex LC | Very 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 | Term Loan | FY2025 | ~9.3% | FY2038 | 447.00 | [ICRA]BBB- (CE) (Stable) |
| NA | Interchangeable – LER | NA | NA | NA | (2.00) | [ICRA]A3 (CE) |
| NA | Interchangeable-BG/Capex LC | NA | NA | NA | (100.00) | [ICRA]BBB- (CE) (Stable) / [ICRA]A3 (CE) |

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

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545 328
shamsherd@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545 870
deepak.jotwani@icraindia.com

Uday Kumar
+91 124 4545 867
uday.kumar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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