August 12, 2025

Brindavan Beverages Private Limited: Ratings downgraded to [ICRA]BBB+ (Stable)/ [ICRA]A2

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Working Capital Facilities	115.00	115.00	[ICRA]BBB+ (Stable), downgraded from [ICRA]A- (Stable)
Long-term Fund-based – Term loans	71.75	71.75	[ICRA]BBB+ (Stable), downgraded from [ICRA]A- (Stable)
Long-term Non-fund based – Capex Letter of Credit	18.00	18.00	[ICRA]BBB+ (Stable), downgraded from [ICRA]A- (Stable)
Long-term/ Short-term Non-fund based – Working Capital Facilities	0.50	0.50	[ICRA]BBB+ (Stable)/ [ICRA]A2, downgraded from [ICRA]A- (Stable)/ [ICRA]A2+
Unallocated Limits	2.19	2.19	[ICRA]BBB+ (Stable)/ [ICRA]A2, downgraded from [ICRA]A- (Stable)/ [ICRA]A2+
Total	**207.44**	**207.44**	

** Instrument details are provided in Annexure I*

Rationale

While assigning the ratings, ICRA has considered the consolidated financial profiles of Brindavan Beverages Private Limited (BBPL) along with Brindavan Packaids Private Limited (BPPL), Hilltop Traders Private Limited (HTPL) and SLMG Beverages Private Limited (SLMG) as the former has extended corporate guarantee/ letter of comfort towards the borrowing of the latter three entities. While BBPL, together with other entities of the Ladhani Group, namely Amrit Bottlers Private Limited, Brindavan Agro Industries Private Limited and Brindavan Bottlers Private Limited, have extended corporate guarantee/ letter of comfort for the borrowings of SLMG and HTPL, the borrowings of BPPL have been solely guaranteed by BBPL.

The downward revision in the ratings of BBPL considers the sustained breach of the previously specified negative trigger of interest cover. This is unlikely to improve significantly in the medium term on the back of significant debt-funded capital expenditure undertaken by the Group, which exerts pressure on the capital structure and lead to higher finance costs. The other debt coverage indicators of the Group have also witnessed some moderation over the past two fiscals.

The ratings continue to derive comfort from the established market position of the Group as one of the largest franchisee bottlers of Coca Cola in India and long track-record of its promoters in the business. The top line of the Group witnessed a strong growth over the past few years on the back of capacity addition and increasing demand for beverages. Coca Cola's strong brand equity in India offers the Group adequate revenue visibility. The overall profits and cash accruals from the Group's business also witnessed a steady growth over the past few years.

While the capital structure of BBPL (standalone) has remained conservative due to healthy net worth and limited debt burden, the capital structure of the Group, on a consolidated basis, remains leveraged. While assigning the ratings, ICRA has also taken into account the Group's ongoing debt-funded growth capex initiative, which are expected to limit any material improvement in the Group's financial risk profile in the near-to-medium term. ICRA notes that BBPL has extended sizeable loans and advances to non-core ventures, mainly in real estate, which are relatively illiquid and impact the return indicators. The ratings also consider the vulnerability of the Group's earnings to fluctuations in input costs and changes in consumer preferences away from carbonated beverages, which dominate the Group's current product mix. Any material increase in investment in non-core ventures and/or a substantial rise in contingent liabilities would remain key credit concerns.

The Stable outlook on the long-term rating reflects ICRA's opinion that the Group will continue to scale up its operations while maintaining its margin profile.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters and established track record of the Ladhani Group – BBPL was incorporated in 1979 and commenced operations as a franchisee bottler for Parle (Exports) Private Limited before becoming a bottler for Coca Cola pursuant to the acquisition of Parle's soft drinks business by Coca Cola. The company continues to benefit from the extensive experience of its promoters in the non-alcoholic beverage bottling industry. In December 2020, the Ladhani Group restructured its organisational structure with the incorporation of SLMG Beverages Private Limited (SLMG) as the flagship company of the Group. SLMG acquired the operations of Hindustan Coca Cola Beverages Pvt. Ltd. in Uttar Pradesh and set up a greenfield bottling plant in Lucknow. The four legacy bottlers of the Group, including BBPL, have transferred their exclusive territorial marketing rights to SLMG. As a result, BBPL sells its entire bottling production exclusively to SLMG at a pre-determined cost plus mark-up, which further markets it to distributors. On a consolidated basis, the Group has become one of the largest franchisee bottlers (catering more than one-fourth to the domestic requirement) for Coca Cola in India.

Long association with Coca Cola; established market position of Coca Cola in the domestic beverages industry – BBPL, along with its Group entities, is one of the largest franchisee bottlers of Coca Cola and has been associated with the company for over two decades. Moreover, Coca Cola continues to enjoy a healthy market share in the domestic non-alcoholic beverages industry, which ensures demand visibility and stability of business. At present, SLMG has territorial marketing rights for distribution of Coca Cola products over entire Uttarakhand, Bihar, Uttar Pradesh (except six districts), four districts of Madhya Pradesh and one district of Rajasthan.

Significant top line growth of the Group in the recent past, leading to an increase in profits and cash accruals – The operating income of BBPL witnessed a steady growth, post pandemic, in FY2022 as well as in FY2023. Although revenue from distribution of beverages registered a YoY growth of around 11% in FY2024, a significant drop in revenue from preforms and closures led to a decline in the operating income of the company during the year. However, with increasing demand for beverages as well as preforms, the top line of the company witnessed a YoY growth of around 8% to around Rs. 711 crore in FY2025 (provisional [P]). On a consolidated basis, the top line of the Group witnessed a strong growth over the past few years and stood at around Rs. 4,741 crore in FY2024. ICRA expects the growth momentum to continue, supported by the enhanced capacity of production and addition of new territories for the distribution of beverages. The revenue growth is also supported by stable demand for Coca Cola products due to its strong market position. With the increasing scale of operations, the overall profits and cash accruals from the business are estimated to increase in the medium term at least.

Credit challenges

Seasonality in demand and vulnerability to fluctuations in input costs – The demand for carbonated soft drinks is seasonal in nature with peak demand seen between March and June. Consequently, the company earns a large portion of its annual operating income in the first and fourth quarters with the other two quarters experiencing relatively muted demand. Moreover, BBPL's margins remain vulnerable to volatility in input costs, mainly preforms (correlated with the price of crude oil) and sugar, both of which are prone to high fluctuation in prices. This is, however, partly offset by intervention from Coca Cola in the form of negotiation of prices with suppliers and/or reimbursement of costs, which aid in maintaining margins.

Large debt-funded capex adversely impacted the capital structure and debt protection metrics – BBPL's overall debt level rose in FY2025 due to its largely debt-funded expansion of its carbonated soft drinks production capacity and packaged drinking water capacity. However, the capital structure of the company, though moderated to an extent, continued to remain conservative due to a healthy net worth, with a gearing of 0.8 times (0.5 times in FY2024) and TOL/TNW of 1.0 times (0.8 times in FY2024) as on March 31, 2025 (provisional). Nevertheless, elevated debt level had a bearing on the coverage indicators of the company. On a consolidated basis, the Group has been undertaking sizeable capex in terms of acquisition of marketing rights of new territory, enhancement of production capacity and commissioning of new product line. This led to a significant rise in the debt level of the Group, adversely impacting the capital structure, with a TOL/TNW of 4.0 times as on March 31, 2024. The same has also impacted the debt protection metrics of the Group with an interest cover of 2.9 times and total debt/OPBDITA of 7.4 times in FY2024. The DSCR of the Group stood at around 1.7 times in FY2024 and the same is estimated to remain in the range of 1.8-2.0 times, going forward. ICRA does not estimate the capitalisation ratios and coverage indicators of the Group in FY2025 to have improved materially, though the same are projected to witness a gradual improvement, provided the Group does not embark on any significant debt-funded capex.

Substantial investments and advances extended to non-core ventures remain a drag on return indicators – BBPL has extended sizeable advances to non-core entities, particularly in the real estate sector in collaboration with the Embassy Group. These are relatively illiquid and constrain the company's return indicators. However, ICRA notes that there has not been a material increase in non-core investments in the recent past and some advances have been converted into actual assets upon completion of the respective projects. Any material increase in the same could impact the company's liquidity and financial risk profiles.

Exposure to changes in Government regulations and consumer preferences towards carbonated beverages – The Group's performance also remains susceptible to adverse regulatory changes, consumer preferences and seasonality in sales as the major portion of the revenues is generated during March to June (summer season). The demand of aerated beverages is contingent upon taste and preferences of consumers. Also, there is a possibility of moderation in demand for aerated beverages with consumers' shift towards a healthy lifestyle.

Liquidity position: Adequate

BBPL generated positive cash flow from operations over the past few years, which is likely to continue in the current fiscal and beyond. The overall fund-based working capital utilisation of the company stood at around 76% during the last 15 months, ended in May 2025, leaving adequate cushion for working capital requirement. The cash flow from operations would be adequate towards debt repayment obligations of Rs. 28-30 crore in FY2026. In addition, the company's cash outflow towards its capex is projected at around Rs. 60 crore, which would be funded through its internal accruals. ICRA expects the overall liquidity position of the company to remain adequate, going forward.

On a consolidated basis, the Group is estimated to have generated a cash flow from operations of more than Rs. 200 crore in FY2025, which is projected to more than double in FY2026. Against this, it has annual debt repayment obligations of around Rs. 125 crore and Rs. 180 crore in FY2025 and FY2026, respectively. Besides, the Group's cash outflow towards its ongoing capex is estimated/projected at Rs. 1,600-1,700 crore in FY2025 and FY2026 (to increase its production capacities) to be funded by a mix of term debt and equity.

Rating sensitivities

Positive factors – The ratings could be upgraded in case of a significant increase in revenue and profitability of the company while improving its capital structure, coverage metrics and liquidity on a sustained basis. A material decrease in contingent liabilities of the company along with deleveraging of the Group's capital structure on a sustained basis could also benefit the ratings.

Negative factors – Pressure on the ratings could arise if the company's revenue and earnings record a sustained decline, weakening its debt coverage indicators and liquidity profile. Any unanticipated and sizeable debt-funded capital expenditure, incremental large investment in real estate or non-core ventures and/or substantial financial support to Group entities could put pressure on the ratings. Specific credit metrics that could lead to ratings downgrade include the Group's DSCR of less than 1.7 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology FMCG
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financial profiles of Brindavan Beverages Private Limited (BBPL), SLMG Beverages Private Limited, Hilltop Traders Private Limited and Brindavan Packaids Private Limited as BBPL has extended corporate guarantee/letter of comfort for the borrowings of the other three entities

About the company

Brindavan Beverages Private Limited (BBPL) is a franchisee bottler for Coca Cola for its carbonated soft drinks, fruit juice-based beverages and packaged drinking water. The bottling facility of the company is located in Bareilly, Uttar Pradesh. The company also operates 6.6-MW windmills in Gujarat and 10-MW solar power plant in Uttar Pradesh. BBPL has substantial investments in real estate projects together with the Embassy Group.

In December 2020, BBPL, along with three other group bottlers, have transferred their exclusive territorial marketing rights to SLMG Beverages Private Limited (SLMG), pursuant to a change in the Group's business model. Since then, BBPL has been supplying its products to SLMG at a predetermined cost-plus markup, which further markets it to distributors.

Key financial indicators (audited)

BBPL	Standalone			Consolidated^	
	FY2023	FY2024	FY2025*	FY2023	FY2024
Operating income	675.1	659.2	711.1	4,328.7	4,740.8
PAT	63.9	63.7	63.3	175.0	191.4
OPBDIT/OI	15.6%	13.8%	15.1%	11.3%	10.9%
PAT/OI	9.5%	9.7%	8.9%	4.0%	4.0%
Total outside liabilities/Tangible net worth (times)	0.7	0.8	1.0	2.9	4.0
Total debt/OPBDIT (times)	2.4	3.3	4.7	3.7	7.4
Interest coverage (times)	11.2	6.7	5.0	4.5	2.9

*Source: Brindavan Beverages Private Limited, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

^ ICRA has combined the financial statements of entities, specified in Annexure-II, along with Brindavan Beverages Private Limited to arrive at the consolidated financial indicators

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current ratings (FY2026) Aug 12, 2025	FY2025 Date	FY2025 Rating	FY2024 Date	FY2024 Rating	FY2023 Date	FY2023 Rating
Fund-based – Working Capital Facilities	Long-term	115.00	**[ICRA]BBB+ (Stable)**	May 30, 2024	[ICRA]A- (Stable)	-	-	Feb 16, 2023	[ICRA]A- (Stable)
			-	-	-	-	-	Nov 17, 2022	[ICRA]BB+ (Stable); Issuer Not Cooperating
Term Loans	Long-term	71.75	**[ICRA]BBB+ (Stable)**	May 30, 2024	[ICRA]A- (Stable)	-	-	Feb 16, 2023	[ICRA]A- (Stable)
			-	-	-	-	-	Nov 17, 2022	[ICRA]BB+ (Stable); Issuer Not Cooperating
Capex Letter of Credit	Long-term	18.00	**[ICRA]BBB+ (Stable)**	May 30, 2024	[ICRA]A- (Stable)	-	-	-	-
Non-fund based Limits – Interchangeable	Long-term/ short-term	-	**-**	-	-	-	-	Feb 16, 2023	[ICRA]A- (Stable)/ [ICRA]A2+
			-	-	-	-	-	Nov 17, 2022	[ICRA]BB+ (Stable)/ [ICRA]A4+; Issuer Not Cooperating
Non-fund based – Working Capital Facilities	Long-term/ short-term	0.50	**[ICRA]BBB+ (Stable)/ [ICRA]A2**	May 30, 2024	[ICRA]A- (Stable)/ [ICRA]A2+	-	-	Feb 16, 2023	[ICRA]A- (Stable)/ [ICRA]A2+
Covid Loans	Long-term	-	**-**	-	-	-	-	Nov 17, 2022	[ICRA]BB+ (Stable); Issuer Not Cooperating
Unallocated Limits	Long-term/ short-term	2.19	**[ICRA]BBB+ (Stable)/ [ICRA]A2**	May 30, 2024	[ICRA]A- (Stable)/ [ICRA]A2+	-	-	-	-
			-	-	-	-	-	Nov 17, 2022	[ICRA]BB+ (Stable)/ [ICRA]A4+; Issuer Not Cooperating

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Working Capital Facilities	Simple
Long-term fund-based – Term Loans	Simple
Long-term non-fund based – Capex Letter of Credit	Very Simple
Long-term/ Short-term non-fund based – Working Capital Facilities	Very Simple
Unallocated Limits	Not Applicable

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 1**	FY2023	-	FY2028	21.75	[ICRA]BBB+ (Stable)
NA	**Term Loan 2**	FY2024	-	FY2029	50.00	[ICRA]BBB+ (Stable)
NA	**Capex Letter of Credit**	FY2023	-	FY2025	18.00	[ICRA]BBB+ (Stable)
NA	**Cash Credit/ WCDL/ Overdraft 1**	-	-	-	75.00	[ICRA]BBB+ (Stable)
NA	**Cash Credit/ WCDL/ Overdraft 2**	-	-	-	20.00	[ICRA]BBB+ (Stable)
NA	**Cash Credit/ WCDL/ Overdraft 3**	-	-	-	20.00	[ICRA]BBB+ (Stable)
NA	**Bank Guarantee**	-	-	-	0.50	[ICRA]BBB+ (Stable)/ [ICRA]A2
NA	**Unallocated Limits**	-	-	-	2.19	[ICRA]BBB+ (Stable)/ [ICRA]A2

Source: Brindavan Beverages Private Limited

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	BBPL's ownership*	Consolidation approach
Brindavan Packaids Private Limited	-	Full consolidation
Hilltop Traders Private Limited	8.00%	Full consolidation
SLMG Beverages Private Limited	19.58%	Full consolidation

Source: Brindavan Packaids Private Limited, Hilltop Traders Private Limited, SLMG Beverages Private Limited

*Note: ICRA has taken a consolidated view of the above-mentioned entities, referred to as Brindavan Group/ Group as Brindavan Beverages Private Limited has extended corporate guarantee/ letter of comfort towards the borrowings of the other three entities. * As on March 31, 2024*

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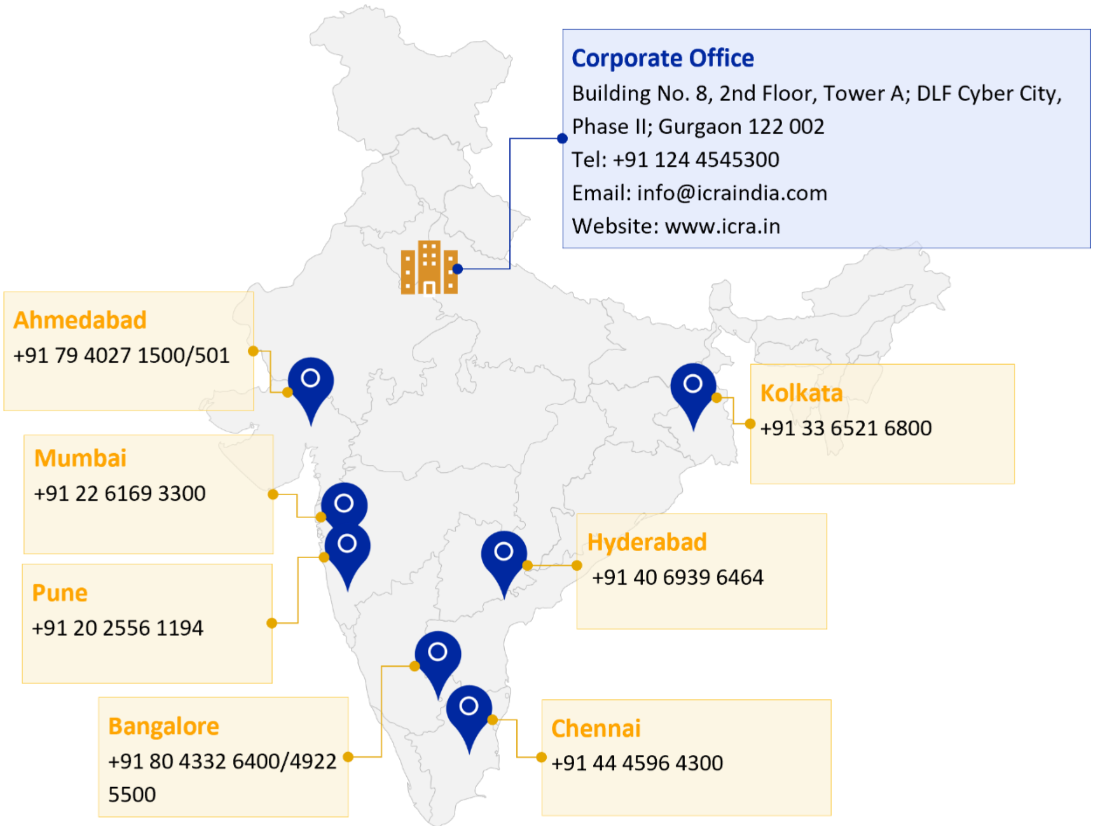

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