Press Release

Brickwork Ratings assigns 'BWR B' for the Long-Term Bank Loan Facilities of ₹ 5.56 Cr of Yash Raj Beverages and Agroproducts Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Rating**[1] for the Bank Loan Facilities of Yash Raj Beverages and Agroproducts Pvt. Ltd.

Proposed Facility	Amount (₹ Cr)	Tenure	Rating
Cash Credit	1.00	Long Term	BWR B (Outlook:Stable)
Term Loan	4.56		
Total	5.56	(INR Five Crores and Fifty Six Lakhs only)	

BWR has principally relied upon the audited financial results of FY2011-12, projections of FY13, FY14 and FY15 of Yash Raj Beverages and Agroproducts Pvt. Ltd, publicly available information and information/clarification provided by the Company management.

The rating assigned to bank facilities is primarily constrained by low contribution of capital by promoters, high external borrowings, volatility in input prices & intense competition with reputed brands like Pepsi, Coca Cola etc, weak interest coverage's indicators & stretched working capital cycle. The rating is further constrained by promoter's limited experience in beverage manufacturing, limited geographical reach & limited market share of Campa Cola Brand.

The rating however takes comfort from the promoter's business experience, its trade contract of manufacturing and branding its products with Campa Cola a known Indian Brand.

Background:

Yash Raj Beverages and Agroproducts Pvt Ltd was established in the year 2011 and entered into a franchisee agreement with Campa Cola. Its manufacturing facility is located at Lucknow in Uttar Pradesh. The company carries out manufacturing/trading, selling and distribution of various beverages falling under Campa umbrella in Uttar Pradesh.

Management Profile:

The current promoters/directors of the company are Mr. Nand Lal Singh, Mr. Mukesh Sinha and Mr.s Sandhya Singh. Mr. Tej Pratap Singh is the managing director of the company and

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

looks after the financial operation of the company. The other directors together take care of the production, day-to-day operation and general administration of the company.

Financial Performance:

The company started commercial operation in March 2013,and the company achieved sales of ₹ 0.29 Cr in FY12-13.The tangible net worth of the company as on 31.3.2013 is at ₹ 1.96 Cr, which has declined due to carry forward losses of FY12 on account major preliminary expenses. The initial investment of capital by promoters was ₹ 0.82 Cr in FY12.

Substantial increase in debt owing to availment of term loan for new capacity and increase in working capital borrowing has resulted to high debt to equity ratio. The total debt both long term and short term was ₹ 4.95 Cr and ₹ 0.29 Cr respectively for FY13.

Rating Outlook:

The rating factors in the business experience of the promoters in the business and stable outlook of user industry.

The firm's ability to achieve operation efficiency, strengthen the net worth for optimal capital structure and improvement in profit margins would be the key rating sensitivities.

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