

Bhagwati Products Limited

August 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	85.46	CARE BBB+; Positive	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
Long-term / Short-term bank facilities	125.00	CARE BBB+; Positive / CARE A2	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed

Details of instruments/facilities in Annexure-1.

CARE Ratings Limited (CareEdge Ratings) had migrated Ratings assigned to Bhagwati Products Limited's (BPL) bank facilities to ISSUER NOT COOPERATING category in accordance with the extant SEBI guidelines, due to non-payment of the surveillance fees stipulated under the rating agreement. Subsequently, the company has settled the surveillance fees, and ratings have been reaffirmed at 'CARE BBB+; Positive/ CARE A2'.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Bhagwati Products Limited (BPL) factors in the substantial growth in the scale of operations in FY25 (refers to April 01 to March 31) driven by the investment from Huaqin Technology, a global player in mobile phones Research and Development (R&D) and design via Foreign Direct Investment (FDI) route acquiring 49% stake in BPL and providing revenue visibility from expected new orders. Ratings also take comfort from BPL's experienced promoters and management team, comfortable capital structure, and adequate liquidity position. However, ratings continue to remain constrained by the continued reliance on third-party suppliers for their majority raw material requirements and fragmented and competitive nature of industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in operational performance with total operating income (TOI) above ₹6,000 crore with return on capital employed (ROCE) of over 8% on a sustained basis.
- Ability to maintain its capital structure marked by total outstanding liability / tangible net worth (TOL/TNW) below unity and liquidity at comfortable levels with an increase in its scale of operations on a sustained basis.

Negative factors

- Inability of the company to ramp up its scale of operations and failure to reach envisaged capacity utilisation levels leading to weakening of liquidity position.
- Change in management or effective control of the company or change in terms with key customers leading to significant impact on the company's operations.
- Deterioration in TOL/TNW above 3.00x on a sustained basis.

Analytical approach: Standalone

Outlook: Positive

The Positive outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation of continuous improvement in company's operations marked by the investment by Huaqin Group and addition of new reputed clientele, such as Vivo and Oppo, for smartphone manufacturing.

Detailed description of key rating drivers:

Key strengths

Investment by Huaqin Group, China

In September 2024, BPL received FDI approval for a capital investment of ₹514 crore from HaiQin Telecom Hong Kong Limited, an investment arm of Huaqin Technology, which acquired a 49% stake in the company. Huaqin Technology, a global leader in

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

mobile phone R&D and design, specialises in developing and manufacturing mobile phones, tablets, and electronics, providing comprehensive product development, and Original Design Manufacturing (ODM) services to global tech companies.

As part of its expansion strategy, BPL acquired a mobile manufacturing plant in Greater Noida for ~₹270 crore. Previously operated by VIVO, the facility has a production capacity of over one million mobile phones per month and currently manufactures high-end mobile phones for major brands like OPPO and VIVO. This investment positions the company to take advantage of India's Production Linked Incentive (PLI) schemes for smartphones, strengthening its manufacturing capabilities under the government's 'Make in India' initiative. This investment has enabled BPL to secure new orders from smartphone brands, such as OPPO and VIVO, who are localising production in India to reduce reliance on imports and align with the government's push for increased domestic manufacturing.

Experienced promoters and management team

The promoters of BPL, Rajesh Agarwal, Rahul Sharma, Sumeet Kumar, and Vikas Jain, have background in engineering, IT and telecommunications, having demonstrated entrepreneurial experience in the past. Rohan Agarwal, son of Rajesh Agarwal, has been appointed as the Chairman of BPL. The management of BPL is supported by a team of experienced and qualified professionals who are involved in day-to-day operations of the company.

Comfortable financial risk profile

The company's overall gearing remained low at 0.53x as of March 31, 2025, compared to 0.47x in the previous year. This increase was primarily due to an increase in LC Acceptances. The company's debt coverage ratios also remained healthy, with a PBILDT interest coverage ratio of 5.95x (PY: 2.79x) for FY25. However, total debt might increase in medium term due to significant credit line requirements to support the operations at the newly acquired Noida plant. Though the investment of ₹514 crore from Huaqin Technologies provides comfort and stability to the company's gearing ratio, the company's ability to leverage this investment and improve its scale of operations and debt coverage indicators remain a key monitorable.

Improvement in scale of operations in FY25 and a diversified customer base

Driven by the investment by Huaqin Technologies and enhancement in smartphones capacity with the acquisition of Vivo's Noida plant and the subsequent receipt of orders from Vivo and Oppo Smartphones, the topline of the company has improved significantly in FY25 and stood at ₹6,153.19 crore (up from ₹655.62 crore in FY24). Previously, BPL derived most of its revenue from its top five customers, with heavy reliance on a single customer, Micromax, which exposed the company to customer concentration risk. However, the company has shifted focus beyond mobile phones for Micromax and expanded into other segments, attracting new customers such as Oppo, TTE Technology Private Limited, and Acer through the sale of LED TVs, laptops, and air conditioners. Going forward, BPL will primarily manufacture mobile phones for Vivo and Oppo, but the additional capacity allows flexibility to produce mobile phones for other brands as well.

Key weaknesses

Reliance on third-party suppliers for majority products / services

BPL relies on third-party suppliers for all of its raw materials, including SKDs, LED panels, spares, and parts, which exposes the company to risks related to timely product availability. Majority of these materials are sourced from suppliers based in China, Hong Kong, and Taiwan. BPL has entered agreements with original equipment manufacturers (OEMs) to meet its raw material requirements. For past few years, the company has also engaged in contract manufacturing for some of its customers, procuring raw materials directly from suppliers nominated by them. To manage its cost exposure, BPL secures its margins by fixing component pricing and providing quotes to its customers, insulating itself from fluctuations in raw material prices.

Fragmented and competitive nature of industry

India is a major market for mobile phones. However, the industry is highly competitive, with both domestic and international players vying for market share. The market is price-sensitive and value-driven, leading to intense competition and aggressive pricing strategies, including bundled offers and discounts. While these initiatives help companies capture market share, they have put significant pressure on profitability margins for both manufacturers and traders. There has been consistent underachievement in expected profitability owing to intense competition and BPL's ability to ramp up operations to meet the requirements of the PLI scheme and claim subsidies will remain a key monitorable.

Liquidity: Adequate

BPL has an adequate liquidity position as marked by cash and bank balance of ₹275 crore as on March 31, 2025, and nil utilisation of working capital limits for previous 12 months. The company has no major debt-funded capex plans in medium term. Operating

cycle of the company also stood comfortable at negative nine days and the current ratio stood near unity at 1.09x as on March 31, 2025, due to high credit period allowed by its suppliers.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Consumer electronics

BPL was incorporated in October 2002 as 'Bhagwati Cookies & Wafers Limited' for manufacturing bakery products. Later in March 2003, the name of the company was changed to the present one. BPL is engaged in manufacturing and assembling telecom devices and electronic items, including mobile phones, TVs, Tablets, and its accessories. The company has also diversified into other products, including Lithium-Ion Battery, PCBA, LED TV Panel, and AC among others. In September 2024, the company received a significant investment of ₹514 crore from Huaqin Technology, which acquired a 49% stake in BPL.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	655.62	6153.19
PBILDT	11.53	75.93
PAT	0.94	41.66
Overall gearing (times)	0.47	0.53
Interest coverage (times)	2.79	5.95

A: Audited; P: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	72.97	CARE BBB+; Positive
Fund-based/Non-fund-based-LT/ST		-	-	-	125.00	CARE BBB+; Positive / CARE A2
Term Loan-Long Term		-	-	August 2026	12.49	CARE BBB+; Positive

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	125.00	CARE BBB+; Positive / CARE A2	1)CARE BBB+; Positive / CARE A2; ISSUER NOT COOPERATING* (02-May-25)	1)CARE BBB+; Positive / CARE A2 (09-Jan-25)	1)CARE BBB; Stable / CARE A3+ (26-Mar-24) 2)CARE BBB; Stable / CARE A3+ (05-Apr-23)	-
2	Term Loan-Long Term	LT	12.49	CARE BBB+; Positive	1)CARE BBB+; Positive; ISSUER NOT COOPERATING* (02-May-25)	1)CARE BBB+; Positive (09-Jan-25)	1)CARE BBB; Stable (26-Mar-24) 2)CARE BBB; Stable (05-Apr-23)	-
3	Fund-based - LT-Cash Credit	LT	72.97	CARE BBB+; Positive	1)CARE BBB+; Positive; ISSUER NOT COOPERATING* (02-May-25)	1)CARE BBB+; Positive (09-Jan-25)	1)CARE BBB; Stable (26-Mar-24) 2)CARE BBB; Stable (05-Apr-23)	-

*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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