



Press Release

BCL Industries Limited

Aug 04, 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Long Term Bank Facility-Cash Credit*	125.00	IVR A/Stable Outlook (IVR Single A with Stable Outlook)	Upgraded
2.	Long Term Bank Facility-Term Loan	28.28	IVR A/Stable Outlook (IVR Single A with Stable Outlook)	Upgraded
3.	Short Term Bank Facilities**	50.00	IVR A1 (IVR A One)	Upgraded
4.	Fixed Deposit	1.00	IVR FA/ Stable Outlook (IVR Fixed Deposit Single A with Stable Outlook)	Upgraded

Over all ceiling of Rs 150 crore include * and **.

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of BCL Industries Limited continues to draw comfort from its experienced management, diversified product portfolio and moderate working capital cycle. The ratings also positively consider continuous improvement in its scale of operations, comfortable capital structure with strong financial profile. However, these rating strengths are partially offset by its exposure to risk associated with agro based nature of products and susceptibility of profitability to intense competition and volatility in raw material prices.

Key Rating Sensitivities:

Upward Factor:

- Substantial and sustained growth in operating income and improvement in profitability
- Sustenance of the capital structure and improvement in debt protection metrics

Downward factor:

- Moderation in operating income and/or cash accrual or deterioration in operating margin, any stretch in the working capital cycle driven by pile-up of inventory or stretched receivables.
- Unplanned capital expenditure affecting the financial risk profile, particularly liquidity.



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strength

Experienced Management

BCL was started by Late Shri Dwarka Dass Mittal in 1976. His son Mr. Rajinder Mittal (Managing Director) took over the business after him and has been involved with the company for more than three decades. BCL is governed by a diverse Board of Directors who are assisted by a well-qualified and experienced leadership team in handling the business operations.

Diversified product portfolio:

The company has diversified product portfolio in its both segments which enables the company to spread its risk and reduces dependency on single/few products. The company is engaged in extraction & refining of edible oils, processing of rice, distillery production from grains, ethanol production and real estate development. BCL derives ~66.28% of income from edible oil and rice segment, 32.28% from distillery products and 1.44% from real estate segment contribution in FY21. BCL has its own brand names such as Home Cook, Do Khajoor and Murli in the edible oil and Vanaspati ghee segment which are quite popular in North India. The company also sells country liquor and IMFL under its own brand names such as Punjab Special, BCL, Asli Santra etc.

Continuous improvement in scale of operation

The total operating income of the company has witnessed an increasing trend with a CAGR of ~16.61% during FY19-FY21 with y-o-y growth of 55.56% in FY21. The total operating income improved from Rs.896.13 crore in FY19 to Rs.1427.23 crore in FY21 driven by higher demand leading to higher capacity utilization, price affect and higher sale realization. EBITDA and PAT stood at Rs82.60 crore and Rs 45.24 crore as on March 31,2021

Strong financial risk profile

The financials risk profile remained strong over the years backed by steady improvement of cash accrual from Rs 41.92 crore in FY20 to Rs57.85 crore in FY21 resulting in comfortable



Press Release

debt protection metrics. The interest coverage ratio at 6.86x as on March 31,2021. Total debt to GCA stood at 3.08 years as on March 31,2021.

Comfortable Capital Structure:

Capital structure of the company remained comfortable with its adjusted net worth of Rs.232.75 crore and over all gearing of 0.76x as on March 31, 2021(Rs 184.31 crore net worth, 0.94x gearing as on March 31,2020) .The company total debt of the company comprises of Rs 53.32 term loan along with repayment of Rs 26.01 crore and working capital borrowing of Rs 98.72 crore . Total indebtedness of the company improved from 2.07x in FY20 to 1.45x in FY21 driven by fresh equity issued and steady accretion of profits to net worth. BCL has issued fresh equity of Rs 5crore in FY21 with a share premium of Rs 25crore. Infomerics believes the capital structure and debt protection metrics will remain comfortable in the near term.

Moderate working capital requirement

BCL Industries has a moderate operating cycle of 67 days driven by inventory and efficient receivables of 79 days and 22 days respectively as on March 31,2021. And Payables of 34 days. The inventory levels are high as the company maintains an inventory level to ensure steady and continuous production cycle. BCL fund-based working capital limits remained moderately utilised at ~77% during the past 12 months ended May 2021. Further, the non-fund based limits of the company remained utilized at 80%.

Key Rating Weaknesses

Exposure to risks associated with the agro-based nature of products:

The company derives 66.28% of it's total operating income from edible oiland rice segment and 32.28% from distillery production. The edible oil business remains susceptible Availability of oil, both in the domestic and international markets, is linked to oilseed production, which is linked to monsoon, acreage under cultivation and yield.



Press Release

Susceptibility of profitability to intense competition and volatility in raw material prices

The Indian edible oil industry is highly fragmented marked by the presence of numerous small players and low entry barriers. A large number of small units are operating in the sector with unbranded oils capturing a large part of the industry. Moreover, the raw material prices depend on international prices and demand supply situation both in the domestic and international markets. BCL is likely to remain exposed to intense competition in the industry and fluctuations in international oil prices. The edible oil and liquor industries also face significant intervention from the government, given the commoditized nature of products.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies
Financial Ratios & Interpretation (Non-financial Sector)

Liquidity – Strong

BCL earned a GCA of Rs.57.85 crore as against its repayment obligation of Rs.26.01 crore as on March 31, 2021. The company fund-based working capital limits remained moderately utilised at ~77% during the past 12 months ended May 2021, further the non-fund based limits of the company are utilised at 80%. The company has a Current Ratio of 1.84x as of March 31, 2021. Moreover, the company is expected to generate cash accruals in the range of Rs.65-97 crore as against its debt servicing obligation of ~Rs.4 to 16 crore FY22-24 attributable to low long-term debt in its capital structure.

About the Company

BCL Industries Limited (BCL) was incorporated in 1976 as Bhatinda Chemicals & Vanaspati Private Limited. In 1985, the company became a public limited company and the name was changed to Bhatinda Chemicals Limited. In Jan, 1993, the Company shares went for a public issue for 29 lakh shares of Rs.10 each at a premium of Rs.5. Subsequently in 2008, the name was changed to BCL Industries and Infrastructure Limited. The Company got the name “BCL Industries Limited” in 2018. BCL is listed at Bombay Stock Exchange. BCL is part of the Mittal



Press Release

group, founded by Shri D.D. Mittal. The company has diversified business interests such as extraction & refining of edible oils, processing of rice, distillation and real estate development. Distillery unit has power plant of 10MW for captive use only

Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	913.39	1427.23
EBITDA	56.96	82.60
PAT	26.00	45.24
Total Debt	172.89	178.04
Tangible Net worth	217.92	290.23
Adjusted Net Worth	184.31	232.75
EBITDA Margin (%)	6.24	5.79
PAT Margin (%)	2.82	3.16
Overall Gearing Ratio (x)	0.94	0.76

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Cash Credit	Long Term	125.00	IVR A /Stable	IVR A- /Stable (Dated Aug 19, 2020)	IVR A- /Stable (Dated Aug 12, 2019)	-
2.	Term Loan	Long Term	28.28	IVR A /Stable	IVR A- /Stable (Dated Aug 19, 2020)	IVR A- /Stable (Dated Aug 12, 2019)	-
3.	Inland Letter of Guarantee	Short Term	7.50	IVR A1	IVR A2+ /Stable (Dated Aug 19, 2020)	IVR A2+ /Stable (Dated Aug 12, 2019)	-
4.	FLC(DA/DP)	Short Term	42.50	IVR A1	IVR A2+ /Stable	IVR A2+ /Stable	--



Press Release

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					(Dated Aug 19, 2020)	(Dated Aug 12, 2019)	
5.	Fixed Deposit	Long Term	1.00	IVR FA /Stable	IVR FA- /Stable (Dated Aug 19, 2020)	IVR FA- /Stable (Dated Aug 12, 2019)	

*Over all ceiling of Rs 150 crore for NFBL and Cash Credit facility.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Press Release

assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	-	-	-	125.00	IVR A/Stable
Long Term Bank Facility-Term Loan	-	-	-	28.28	IVR A/Stable
Short Term Bank Facilities – Letter Of Credit	-	-	-	7.50	IVR A1
Short Term Bank Facilities- FLC(DA/DP)	-	-	-	42.50	IVR A1
Fixed Deposit	-	-	-	1.00	IVR FA/Stable

*Over all ceiling of Rs 150 crore for NFBL and Cash Credit facility.

Annexure-II: Facility Wise Lender Details