



Press Release

BCL Industries Limited

October 10, 2024

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	115.72	IVR A+/ RWDI (IVR Single A Plus with Rating Watch Developing Implication)	IVR A+/ Stable (IVR Single A Plus with Stable outlook)	Re-affirmed with change in outlook	Simple
Long term Bank Facilities – cash Credit	200.00*	IVR A+/ RWDI (IVR Single A Plus with Rating Watch Developing Implication)	IVR A+/ Stable (IVR Single A Plus with Stable outlook)	Re-affirmed with change in outlook	Simple
Short term Bank Facilities	95.00*	IVR A1+ (IVR Single A One Plus)	IVR A1+ (IVR Single A One Plus)	Re-affirmed	Simple
Total	350.72	(Rupees Three Hundred Fifty Crores and Seventy-Two Lakhs Only.)			

*Overall ceiling of Rs 235.00 crore include CC limit and NFB.

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuations and Ratings Private Limited (IVR) has re-affirmed long-term rating of IVR A+ along with the change in outlook to rating watch with developing implication from Stable Outlook and re-affirmed the short-term rating of IVR A1+ for the bank loan facilities of BCL Industries Limited (BCL).

The rating has been placed under Rating Watch with Developing Implication (RWDI), on account of recent development wherein BCL Industries limited proposed to acquire the Goyal Distillery Limited, Post-acquisition, 'Goyal Distillery' will become a wholly owned subsidiary of BCL Industries Ltd. The total Capex for establishing the distillery and biogas plant at Fatehabad (Haryana) is estimated at around Rs. 350 Cr. and the expected timeline is about 20 months from the date of ground breaking.



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The rating continue to draws comfort from its extensive experience of the promoters, diversified product portfolio, strong financial risk profile with comfortable capital structure and moderate working capital requirement. However, these strengths are partially offset by exposure to risks associated with the agro-based nature of products and susceptibility of profitability to intense competition and volatility in raw material prices & decline in the revenue from edible oil segment in FY24(A) (Review period April 01, 2023 – March 31, 2024) due to a sudden fall in global edible oil prices in the FY24.

IVR has principally relied on the standalone audited financial results of BCL Industries Limited upto 31 March 2024 and Projected Financials for FY25, FY26 and FY27 and publicly available information/ clarifications provided by the entity's management

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in operating income & improvement in operating margin and cash accrual.
- Improvement in working capital management with improvement in liquidity.
- Improvement in the capital structure with improvement in debt protection metrics on a sustained basis.
- Effective working capital management with improvement in operating cycle and liquidity

Downward Factors

- 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, or sizeable capital expenditure affecting the financial risk profile, particularly liquidity.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **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 ~47.42% of income from edible oil and rice segment, ~52.29% from distillery products and ~0.29% from real estate segment in FY24. 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.

- **Comfortable Operating Income and adequate Operating Margins:**

The total operating income of the company remains constant from Rs.1631.51 crore in FY23 to Rs.1625.83 crore in FY24, due to an increase in the sales of distillery products (ENA/Ethanol). However, the profitability of the company in terms of EBITDA margin and PAT margin has remained comfortable in FY24 and stood at 7.85% (PY: 6.79%) and 4.49% (PY: 4.30%), respectively.

- **Strong financial risk profile:**

The financials risk profile remained strong over the years backed by adequate gross cash accrual to Rs.101.67 crore resulting in comfortable debt protection metrics. The interest coverage ratio stood at 9.97x as on March 31, 2024 (PY: 15.23x). Total debt to GCA stood at 3.31 years as on March 31, 2024 (PY: 3.95 years).



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- **Comfortable Capital Structure:**

The capital structure of the company remained comfortable with its adjusted net worth of Rs.488.41 crore and overall gearing of 0.69x as on March 31, 2024 (Rs.300.52 crore net worth, 1.12x gearing as on March 31, 2023). Total debt of Rs. 336.05 Crores of the company comprises of Rs 166.13 crore term loan along with current maturities of Rs.24.27 crore and working capital borrowing of Rs.144.58 crore as on March 31, 2024. Total indebtedness of the company marked by TOL/TNW remained comfortable to 0.93x in FY24 driven by steady accretion of profits to reserves.

- **Moderate working capital requirement:**

BCL Industries has a moderate operating cycle of 72 days driven by inventory and efficient receivables of 78 days and 19 days respectively as on March 31,2024. Further, payables days of 23 days in FY23. The inventory levels are high as the company maintains an inventory level to ensure steady and continuous production cycle.

Key Rating Weaknesses

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

The company derives ~47.42% of income from edible oil and rice segment, 52.29% from distillery products in FY24. 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.

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

The BCL uses grain (mainly broken rice and maize) as key raw material to produce ENA or ethanol. As grain prices are largely dependent on the vagaries of nature, adverse changes in the same may impact the group's profitability. As the ethanol and alcohol industries are highly regulated on pricing, the government fixes rates of ethanol and liquor produced on a



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year-on-year basis. Thus, companies have limitations on increasing prices for passing on the increased raw material cost to customers. However, the government has been continuously increasing ethanol prices in the past three years due to increasing raw material prices, thus mitigating this risk to some extent.

- **Regulatory risk associated with edible oil industry:**

Any complications in these producing countries, such as export bans, geopolitical events like war, or poor crop yields and any frequent duty structure changes done by the respective governments to protect their domestic industries will affect the price of palm oil, which is being imported by India, from the largest exporters of the commodity in the world, i.e., Indonesia, Malaysia, Ukraine and Russia. The price differential for carrying out refining operations in India depend upon the difference in duty between the export duty levied by the exporters on CPO and RPO and the import duty on the same by India. In order to protect the domestic players from cheap edible oil imports, government imposes import duty on both crude and refined oils. Accordingly, BCL is exposed to adverse changes in regulatory and import/export duty structures. However, the management is willing to completely close the Edible oil Unit by June 2025.

Analytical Approach: Standalone Approach

Applicable Criteria :

[Rating Methodology for manufacturing entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)
[Policy on Default Recognition](#)
[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

BCL earned gross cash accruals of Rs.101.66 crore as against its repayment obligation of Rs.24.27 crore as on March 31, 2024. The company fund-based working capital limits were



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utilised at ~87.11% during the past 12 months ended June 2024, indicating sufficient buffer to meet incremental requirements. The company has a current ratio of 2.26x as of March 31, 2024. Moreover, the company is expected to generate cash accruals in the range of Rs.115.52-138.62 crore as against its debt servicing obligation of ~Rs.23.78 to Rs.33.47 crore FY25-27 attributable to low long-term debt in its capital structure. The company has significantly low cash and cash equivalents amounting to Rs.2.07 crore as on March 31, 2024. All these factors reflect adequate liquidity position of the company.

About the Company

BCL Industries Limited (BCL) has a rich history dating back to 1976 when it was originally incorporated as Bhatinda Chemicals & Vanaspati Private Limited. The company transitioned to a public limited entity in 1985, adopting the name Bhatinda Chemicals Limited. In January 1993, BCL went public with an issue of 29 lakh shares priced at Rs. 10 each, plus a premium of Rs. 5. Over time, BCL evolved, and in 2008, it rebranded as BCL Industries and Infrastructure Limited, before finally becoming BCL Industries Limited in 2018. The company is listed on the Bombay Stock Exchange.

Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	1631.51	1625.83
EBITDA	110.73	127.66
PAT	70.50	73.44
Total Debt	337.71	336.01
Tangible Net worth*	488.95	643.21
EBITDA Margin (%)	6.79	7.85
PAT Margin (%)	4.30	4.49
Overall Gearing Ratio (x)	0.69	0.52
ISCR (x)	15.23	9.97

*as per Infomerics standards

Status of non-cooperation with previous CRA : Not Applicable

Any other information: : Nil



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Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Type	Current Rating (Year 2024-25)			Rating History for the past 3 years		
			Amount Outstanding (Rs. crore)	Rating	Rating Dated : Sep 26, 2024	Date(s) & Rating(s) assigned in 2023-24 Dated : Aug 08, 2023	Date(s) & Rating(s) assigned in 2022-23 Dated : June 15, 2022	Date(s) & Rating(s) assigned in 2021-22 Dated : Aug 04, 2021
1	Term Loan	Long Term	115.72	IVR A+/RWDI (IVR Single A Plus with Rating Watch Developing Implication)	IVR A+/Stable (IVR Single A Plus with Stable outlook)	IVR A+/ Stable (IVR Single A Plus with Stable outlook)	IVR A+/ Stable (IVR Single A Plus with Stable outlook)	IVR A/ Stable (IVR Single A with Stable outlook)
2	Cash Credit	Long Term	200.00*	IVR A+/RWDI (IVR Single A Plus with Rating Watch Developing Implication)	IVR A+/Stable (IVR Single A Plus with Stable outlook)	IVR A+/ Stable (IVR Single A Plus with Stable outlook)	IVR A+/ Stable (IVR Single A Plus with Stable outlook)	IVR A/ Stable (IVR Single A with Stable outlook)
3	LC/BG	Short Term	95.00*	IVR A1+ (IVR Single A One Plus)	IVR A1+ (IVR Single A One Plus)	IVR A1+ (IVR Single A One Plus)	IVR A1+ (IVR Single A One Plus)	IVR A1 (IVR Single A One)
4	Fixed Deposit	Long Term	-	-	Withdrawn	IVR A+/ Stable (IVR Single A Plus with Stable outlook)	IVR A+/ Stable (IVR Single A Plus with Stable outlook)	IVR FA/ Stable Outlook (IVR Fixed Deposit Single A with Stable Outlook)

*Overall ceiling of Rs 235.00 crore include CC limit and NFB.

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

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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 – Term Loan			March 2030	115.72	IVR A+/ RWDI (IVR Single A Plus with Rating Watch Developing Implication)
Long Term Bank Facilities – Cash Credit			-	200.00*	IVR A+/ RWDI (IVR Single A Plus with Rating Watch Developing Implication)
Short Term Bank Facilities – Letter of Credit/Bank Guarantee			-	95.00*	IVR A1+ (IVR Single A One Plus)

*Overall ceiling of Rs 235.00 crore include CC limit and NFB.

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-BCL-Industries-10oct24.pdf>

Annexure 3: Detailed explanation of covenants of the rated securities/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis : Nil

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