

BKM Industries Limited (Revised)

June 09, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	80.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	28.50	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	108.50 (Rs. One Hundred Eight Crore and Fifty Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Limited had, vide its press release dated February 25, 2019, placed the rating(s) of BKM Industries Limited (BKM) under the 'issuer non-cooperating' category as BKM had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. BKM continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated March 11, 2022; March 01, 2022 and February 19, 2022. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on April 05, 2021 the following were the rating strengths and weaknesses (updated for the information available from the website of Bombay Stock Exchange)

Key Rating Weaknesses

Ongoing delays in the account

There have been instances of LC devolvement and the cash credit account remained overdrawn for a period of more than 30 days. This liquidity mismatch is primarily due to delay in collection from the debtors and decline in the revenue in FY19 due to weak demand scenario. As per the audit report (FY20) of BKM, the company's loan accounts in the banks and other financial institutions have got NPA due to overdue of interest and principal amounting to Rs 105.03 crore

Deterioration in financial performance of the company in Q1FY19 marked by cash losses

BKM's operating income declined by 58.32% from previous quarter to Rs.17.30 crore in Q1FY19 (as against Rs 45.05 crore in FY18) on the back of lower execution of orders. This coupled with under absorption of fixed cost and execution of less margin products lead to operational losses in Q1FY19. Further, higher interest expenses resulted in cash losses during the said quarter. This apart in July 2018, the company had also decided to discontinue its manufacturing operations at the Barjora (Bankura, West Bengal) and resultantly reported loss of Rs -0.57 crore in Q1FY19. During 9MFY19, BKM reported cash loss of Rs. 22.15 crore on a total operating income of Rs. 34.64 crores. BKM's operating income declined y-o-y by 73.54% from Rs. 156.9crore in FY18 to Rs.41.51crore in FY19. BKM reported loss at PAT level of Rs 56.42crore in FY19. The overall gearing ratio deteriorated from 0.81x as on March 31, 2018 to 2.37x as on March 31, 2019. In FY20, the total operating income of BKM has further declined to Rs 7.21 crore. BKM reported loss of Rs. 28.60 crore at the PAT level. The overall gearing ratio has also further deteriorated to 5.15x as on March 31, 2020.

Analytical Approach: Standalone

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook & Credit watch to Credit Ratings](#)

[CARE's Policy of Default Recognition](#)

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

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology -Manufacturing Companies](#)

[Criteria for Short Term Instruments](#)

About the Company

BKM Industries Ltd (BKM) was incorporated on March 25, 2011. It was a dormant company till October 01, 2013 before the demerger of packaging division of Manaksia Ltd (ML) to BKM. BKM manufactures packaging products and aluminum semi-rigid containers. Major packaging products manufactured by the company includes (1) Roll on Pilfer Proof closures for the premium liquor and pharmaceutical sector, (2) Crown closures for carbonated soft drinks and beer, (3) Plastic closures for carbonated soft drinks and mineral water sectors, and (4) Metal containers for shoe polishes, cosmetics and tea.

Brief Financials (Rs. crore)	FY20 (A)	9MFY21 (UA)	FY21/FY22 (A)
Total operating income	7.21	0.17	NA
PBILDT	-22.95	-5.54	NA
PAT	-28.60	-9.72	NA
Overall gearing (times)	5.15	NA	NA
Interest coverage (times)	NM	NA	NA

A: Audited, UA: Unaudited, NM: Not Meaningful; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	June'22	20.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	60.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	28.50	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	20.00	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D; ISSUER NOT COOPERATING * (05-Apr-21)	1)CARE D; ISSUER NOT COOPERATING * (02-Apr-20)	-
2	Fund-based - LT-Cash Credit	LT	60.00	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D; ISSUER NOT COOPERATING * (05-Apr-21)	1)CARE D; ISSUER NOT COOPERATING * (02-Apr-20)	-
3	Non-fund-based - ST-BG/LC	ST	28.50	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D; ISSUER NOT COOPERATING * (05-Apr-21)	1)CARE D; ISSUER NOT COOPERATING * (02-Apr-20)	-

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Annexure 4: Bank Lender Details for this Company

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

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About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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