

BKM Industries Limited

August 31, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	80.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	28.50	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated June 09, 2022, 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 August 17, 2023; May 05, 2023, and April 25, 2023. 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).

The ratings take into account the continuation of delays in repayment of its bank facilities and non-cooperation from BKM.

Analytical approach: Standalone

Outlook: Not Applicable.

Detailed description of the key rating drivers:

At the time of last rating on June 09, 2022, the following were the rating strengths and weaknesses.

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.

Applicable criteria

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

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

[Policy on Withdrawal of Ratings](#)

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

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Diversified	Diversified	Diversified	Diversified

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 (₹ crore)	March 31, 2020 (A)	9MFY21 (UA)	FY21 / FY22 / FY23 (A)
Total operating income	7.21	0.17	NA
PBILDT	-22.95	-5.54	NA
PAT	-28.37	-9.72	NA
Overall gearing (times)	5.15	NA	NA
Interest coverage (times)	-4.23	NA	NA

A: Audited UA: Unaudited; Note: 'the above results are latest financial results 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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	60.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	June'22	20.00	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 for the 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 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	20.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (09-Jun-22)	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* (09-Jun-22)	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* (09-Jun-22)	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.

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities : Not Applicable.
Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the 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

Annexure-5: Lender details

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

Note on the complexity levels of the rated instruments: CARE Ratings 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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Lalit Sikaria Director CARE Ratings Limited Phone: + 91-033- 40181600 E-mail: lalit.sikaria@careedge.in</p>	<p>Analytical Contacts</p> <p>Arindam Saha Director CARE Ratings Limited Phone: +91-033- 40181631 E-mail: arindam.saha@careedge.in</p> <p>Gopal Pansari Assistant Director CARE Ratings Limited Phone: +91-033- 40181647 E-mail: gopal.pansari@careedge.in</p> <p>Soumadip Kumar Rating Analyst CARE Ratings Limited E-mail: Soumadip.Kumar@careedge.in</p>
--	--

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**