

BKM Industries Limited

November 21, 2024

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 August 31, 2023, placed the ratings 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 November 13, 2024 ; August 05, 2024, and July 16, 2024 . 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 lack of adequate information from BKM.

Analytical approach: Standalone.

Outlook: Not Applicable.

Detailed description of the key rating drivers:

At the time of last rating on August 31, 2023, 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 issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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

[Short Term Instruments](#)
About the company and industry
Industry classification

Macroeconomic 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)
Total operating income	7.21	0.17
PBILDT	-22.95	-5.54
PAT	-28.37	-9.72
Overall gearing (times)	5.15	NA
Interest coverage (times)	-4.23	NA

A: Audited UA: Unaudited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and 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 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	20.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (31-Aug-23)	1)CARE D; ISSUER NOT COOPERATING* (09-Jun-22)	1)CARE D; ISSUER NOT COOPERATING* (05-Apr-21)
2	Fund-based - LT-Cash Credit	LT	60.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (31-Aug-23)	1)CARE D; ISSUER NOT COOPERATING* (09-Jun-22)	1)CARE D; ISSUER NOT COOPERATING* (05-Apr-21)
3	Non-fund-based - ST-BG/LC	ST	28.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (31-Aug-23)	1)CARE D; ISSUER NOT COOPERATING* (09-Jun-22)	1)CARE D; ISSUER NOT COOPERATING* (05-Apr-21)

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

LT: Long term; ST: 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 - 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 complexity levels of rated instruments: CARE 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.

Contact us

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About us:

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