April 13, 2021

Borosil Limited- Update on Entity

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term: Fund-based	25.00	25.00	[ICRA]A+(Stable); Outstanding
Long-term/Short-term: Fund-based	60.00	60.00	[ICRA]A+(Stable)/ [ICRA]A1+; Outstanding
Long-term/Short-term: Non fund-based	6.00	6.00	[ICRA]A+(Stable)/ [ICRA]A1+; Outstanding
Total	**91.00**	**91.00**	

- **Instrument details are provided in Annexure-1*

Material Event

On April 1, 2021, Borosil Limited (BL) had disclosed on BSE website regarding the occurrence of fire at one of the company's warehouse at Bharuch.

Impact of Material Event

ICRA has taken note of the above incident and the rating remains unchanged at the earlier ratings of [ICRA]A+ (pronounced ICRA A plus) and [ICRA]A1+ (pronounced ICRA A one plus) outstanding on the Rs. 91.00-crore bank facilities of BL. The fire incident has been restricted to the company`s warehouse, and the manufacturing operations continue to operate. The company derives majority of its revenues from Consumerware Products (CP). As per the management, on a consolidated basis, since the impact of fire is primarily on the Scientific Industrial Products (SIP) and limited on CP segment from loss of inventory and packing material perspective, the overall sales impact for Q1 FY2022 will be limited to sales for SIP segment (Laboratory glassware products only) (close to 20%) and is expected to be not very significant at consolidated level. As per the management, the company has adequate insurance cover for any inventory loss as well as fixed asset. The company plans to use its other leased warehouses in Bharuch, for glitch free running of operations. ICRA, also draws comfort from the company`s robust liquidity profile, which is expected to support the operations in case of exigencies related to the event. ICRA, however will continue to monitor any development related to the above matter closely and will assess the impact of the incident on the company's credit profile as and when further clarity emerges on the subject.

Rationale

The previous detailed rating rationale is available on the following link: Click here

Key rating drivers and their description

Please refer to the previous rating rationale dated December 30, 2020 (Click here), for the detailed credit strengths and challenges.

Liquidity position

Please refer to the previous rating rationale dated December 30, 2020 (Click here), for the detailed credit strengths and challenges.

Rating sensitivities

Please refer to the previous rating rationale dated December 30, 2020 (Click here), for the detailed credit strengths and challenges.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not Applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of the issuer.

About the company

Established in 1962 as Borosil Glass Works Ltd. (BGWL), BL is a supplier of laboratory glassware, microwaveable kitchenware and opal ware in India. It sells and markets microwavable and flameproof kitchenware and glass tumblers through more than 15,000 retail outlets, and has three manufacturing facilities at Bharuch (Gujarat), Tarapur (Maharashtra) and Jaipur (Rajasthan). BL conducts its operations in two business segments—namely, scientific and industrial products (SIP; including laboratory glassware, laboratory instruments and pharma packaging) and consumer products (CP; including microwaveable, kitchenware as well as opal ware products). While the microwaveable and kitchenware products are sold under the flagship 'Borosil' brand, opal ware products are sold under 'Larah' brand, and the laboratory instrument is sold under the 'Labquest' brand. The company's shares were listed on the BSE/NSE stock exchange on July 11, 2020.

The company has two wholly-owned subsidiaries – Borosil Technologies Limited (designing, developing and assembling laboratory bench top equipment and instruments based in Pune (Maharashtra)) and Acalypha Realty Limited (ARL; engaged in real estate development with no operation as on date); and 79.53% shareholding in Klass Pack Limited (manufacturer and supplier of pharmaceutical vials and ampoules, with its manufacturing facility at Nashik, Maharashtra).

In FY2020, at a consolidated level, BL reported a profit after tax (PAT) of Rs. 35.32 crore on an OI of Rs. 637.15 crore. During H1 FY2021, it reported PAT of Rs. 1.99 crore on an OI of Rs. 195.97 crore.

Key financial indicators (Audited, consolidated)

	FY2018*	FY2019**	FY2020	H1 FY2021^
Operating Income (Rs. crore)	101.57	365.80	637.15	195.97
PAT (Rs. crore)	-6.78	24.97	35.32	1.99
OPBDIT/OI (%)	6.71%	15.29%	14.94%	7.70%
PAT/OI (%)	-6.68%	6.83%	5.54%	1.02%
Total Outside Liabilities/Tangible Net Worth (times)	-10.69	0.31	0.28	0.21
Total Debt/OPBDIT (times)	22.30	1.29	0.53	0.38
Interest Coverage (times)	1.02	5.66	17.12	10.27

- *** FY2018 financials are for Borosil Limited prior to the scheme of amalgamation*
- *** FY2019 financials are reinstated upon implementation of scheme of amalgamation which was implemented with the record date of October 2019, hence FY2019 reflects partial consolidation*
- *^Provisional*
- *PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated	Amount Outstanding	Date & Rating in	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					Apr 13, 2021	Dec 30, 2020	Oct 7, 2019	Dec 18, 2018 Jun 26, 2018
1	Fund based	Long Term	25.00	-	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]BB &	[ICRA]BB &
2	Fund based	Long Term / Short Term	60.00	-	[ICRA]A+ (Stable) / [ICRA]A1+	[ICRA]A+ (Stable) / [ICRA]A1+	-	-
3	Non-fund Based	Long Term / Short Term	6.00	-	[ICRA]A+ (Stable) / [ICRA]A1+	[ICRA]A+ (Stable) / [ICRA]A1+	-	-
4	Unallocated	Long Term / Short Term	-	-	-	-	[ICRA]BB & / [ICRA]A4+ &	-

Amount in Rs. crore
& Ratings on watch with developing implications

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website click here

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	25.00	[ICRA]A+ (Stable)
NA	Fund based*	-	-	-	60.00	[ICRA]A+ (Stable)/[ICRA]A1+
NA	Letter of credit/Bank Guarantee	-	-	-	6.00	[ICRA]A+ (Stable)/[ICRA]A1+

Source: company

** CC, WCDL, EPC/PCFC, Overdraft interchangeable limits upto a maximum of Rs. 60 crore.*

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Klasspack Limited	79.53%	Full consolidation
Borosil Technologies Limited	100.00%	Full consolidation
Acalypha Realty Limited	100.00%	Full consolidation

- ***Source:*** *company*

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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Branches

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