

October 29, 2021

Bhalla Chemical Works Pvt. Ltd.: Moved to Non-Cooperating category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based Cash Credit	4.40	4.40	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating moved to Issuer not cooperating category
Short-term Non-fund Based	5.60	5.60	[ICRA]A4 ISSUER NOT COOPERATING*; Rating moved to Issuer not cooperating category
Total	10.00	10.00	

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

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding Bhalla Chemical Works Pvt. Ltd's (BCWPL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with BCWPL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of non-co-operation by the rated entity
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

BCWPL was incorporated in 1977 and is involved in manufacturing zirconium speciality chemicals at its facility located at Bhiwadi, Rajasthan. The company's products find applications in various fields such as engineering, ceramics, paints and anti-perspirants. It is a closely-held entity and the members of the Bhalla family are the key stakeholders. Before FY2012, the company was manufacturing only one product, zirconium silicate, which is used as an input for manufacturing ceramic glaze

frits for tiles, sanitaryware, etc. However, because of an increase in competition in this business line, it started manufacturing other speciality chemicals such as zirconium carbonate, which mainly finds application in paints and anti-perspirants.

Key financial indicators (audited)

BPL Standalone	FY2019	FY2020
Operating Income (Rs. crore)	20.9	22.5
PAT (Rs. crore)	9.4	0.2
OPBDIT/OI (%)	1.4%	3.3%
PAT/OI (%)	45.1%*	0.8%
Total Outside Liabilities/Tangible Net Worth (times)	0.37	0.36
Total Debt/OPBDIT (times)	31.72	10.35
Interest Coverage (times)	0.28	0.70

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; *PAT stood significantly high due to exception gain.

Source: Company

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 (Rs.Crore)	Amount Outstanding (Rs.Crore)	Date & Rating in	Date & Rating in FY2021		Date & Rating in FY2019	Date & Rating in FY2018
						29-Oct-21	20-Jul-20		
1	Fund-based – Cash Credit	Long Term	4.4	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]B+ (Stable)	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)
2	Non-Fund-based limits	Short-Term	5.6	-	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4	

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based Cash Credit	Simple
Short-term Non-fund Based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

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	Long-term Fund-based Cash Credit	NA	NA	NA	4.4	[ICRA]B+ (Stable) ISSUER NOT COOPERATING
NA	Short-term Non-fund Based	NA	NA	NA	5.6	[ICRA]A4 ISSUER NOT COOPERATING

Source: Company

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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