



BRAND CONCEPTS LIMITED

CIN – L51909MH2007PLC174702
140/2/2 Ring Road Square Musakhedi, INDORE 452 001 (M.P) INDIA
Phone: 91-731-422300, Fax- 4221222/444
Email: info@brandconcepts.in

Date: 20th January, 2023

To,
National Stock Exchange of India Limited
Listing & Compliance Department
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra East, Mumbai - 400051,

To,
BSE Limited
Listing & Compliance Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001

Symbol: BCONCEPTS

Scrip Code: 543442

Sub: Intimation of Credit Rating.

Dear Sir/Mam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching herewith Credit Rating Press Release issued by India Ratings and Research. The rating has been upgraded to rating of "IND BBB-/ Stable".

We request you to kindly take the above information in your records.

Thanking you,

**Yours faithfully,
For Brand Concepts Limited,**

Swati
Gupta

Digitally signed
by Swati Gupta
Date: 2023.01.20
17:42:27 +05'30'

**Swati Gupta
Company Secretary & Compliance Officer
Mem no. A33016**

India Ratings Upgrades Brand Concepts to 'IND BBB-'/ Stable

Jan 11, 2023 | Trading - Textile Products

India Ratings and Research (Ind-Ra) has upgraded Brand Concepts Limited' (BCL) Long-Term Issuer Rating to 'IND BBB-' from 'IND BB(ISSUER NOT COOPERATING)'. The Outlook is Stable. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Fund-based facilities	-	-	-	INR210	IND BBB-/ Stable/	Upgraded
Non-fund-based facilities				INR50	IND A3	Upgraded
Proposed fund-based limit				INR20	WD	Withdrawn (the company did not proceed with the instrument as envisaged)
Term loans	-	-	January 2027	INR31.67 (increased from INR1.7)	IND BBB-/Stable	Upgraded
Proposed non-fund-based facilities				INR20	WD	Withdrawn (the company did not proceed with the instruments as envisaged)

The upgrade reflects the improvement in BCL's revenue, profitability and credit metrics in FY22.

Key Rating Drivers

Growth in Revenue: BCL's revenue increased to INR861.67 million in FY22 (FY21: INR427.94 million), led by the overall recovery in the market post covid. The scale of operations continued to be small. In 1HFY23, BCL achieved a revenue of INR761.88 million. In FY23, the management expects the revenue to be higher owing to the signing of contracts with new brands and greater efficiency in operations. Ind-Ra expects the revenue to grow on a yoy basis in FY23, supported by the rise in domestic demand and the industry's continued recovery from the impact of pandemic-led disruptions.

Improvement in Profitability: BCL turned profitable at the EBTIDA level in FY22, recording a modest EBITDA margin of 8.99% in FY22 (FY21: EBITDA loss), due to increased absorption of fixed costs, led by the growth in revenue. The ROCE was 11.7% in FY22 (FY21: negative ROCE). In FY23, Ind-Ra expects the EBITDA margin to improve further due to better operating leverage.

Credit Metrics Witness Improvement: BCL's credit metrics improved in FY22 due to the improvement in the absolute EBIDTA to INR861.67 million (FY21: INR427.94 million). The gross interest coverage (operating EBITDA/gross interest expense) was 1.61x in FY22 and the net financial leverage (adjusted net debt/operating EBITDA) was 3.13x. In FY23, Ind-Ra expects the credit metrics to improve further due to a likely increase in the EBIDTA margins.

Promoter Experience; Strong Customer Base: BCL's promoters have experience of close to a decade in the trading of branded bags, luggage and travel gear. One of the promoters has three decades of experience in manufacturing industrial bags and retail bags. This has helped the company establish strong relationships with customers as well as suppliers. The ratings are further supported by the company's strong customer base across India, which includes Shoppers Stop Limited (debt rated at 'IND A1'), Future Lifestyle Fashions Limited, Myntra, and Amazon India Pvt Ltd. Furthermore, BCL has long-term agreements with reputed brands such as Tommy Hilfiger, giving long-term revenue visibility.

Liquidity Indicator – Stretched: BCL's average maximum utilisation of the fund-based limits was 84.37% and that of the non-fund-based limits was 90.97% during the 12 months ended October 2022. The cash flow from operations turned positive at INR93.39 million in FY22 (FY21: negative INR61.87 million) due to the increase in the absolute EBIDTA. Furthermore, the free cash flow turned positive at INR42.49 million (FY21: negative INR71.86 million). The net working capital cycle remained elongated but improved to 201 days in FY22 (FY21: 464 days) due to a decrease in inventory days to 176days (334) and debtor days to 128 days (292 days). The cash and cash equivalents stood at INR 3.66 million at FYE22 (FYE21: INR2.77 million). BCL has repayment obligations of INR16.03 million and INR16.35 million in FY23 and FY24, respectively.

Rating Sensitivities

Negative: Weaker-than-expected growth in the scale of operations along with deterioration in the working capital cycle would be negative for the ratings.

Positive: An improvement in the scale of operations as well as the working capital cycle would lead to a positive rating action.

Company Profile

Incorporated in 2007, BCL is engaged in the trading of travel gear and small leather goods, handbags and accessories. The company is listed on the National Stock Exchange.

FINANCIAL SUMMARY

Particulars	FY22	FY21
Revenue (INR million)	861.67	427.94
EBITDAR (INR million)	77.50	-17.14)

EBITDAR margin (%)	8.99	-4.01
Gross interest coverage (x)	1.61	n.m
Net leverage (x)	3.13	n.m
Source: BCL; Ind-Ra n.m: Not meaningful		

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings/Outlook	Historical Rating/Outlook		
				20 July 2022	7 July 2021	4 September 2020
Issuer rating	Long-term		IND BBB-/Stable	IND BB(ISSUER NOT COOPERATING)	IND BB/Stable	IND BB+/Negativ
Fund-based working capital limit	Long-term	INR210	INDBBB-/Stable	IND BB(ISSUER NOT COOPERATING)	IND BB/Stable	IND BB+/Negativ
Non-fund-based working capital limit	Short-term	INR50	IND A3	IND A4+ (ISSUER NOT COOPERATING)	IND A4+	IND A4+
Term loan	Long-term	INR31.67	INDBBB-/Stable	IND BB(ISSUER NOT COOPERATING)	IND BB/Stable	IND BB+/Negativ

Bank wise Facilities Details

[Click here to see the details](#)

Complexity Level of Instruments

Instrument Type	Complexity Indicator
Fund based facilities	Low
Non-fund-based facilities	Low
Term loans	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Contact

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APPLICABLE CRITERIA

Evaluating Corporate Governance**Corporate Rating Methodology****Short-Term Ratings Criteria for Non-Financial Corporates****DETAILED FINANCIAL SUMMARY**

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