Financial Performance Analysis of Balrampur Chini Mills Limited (Bcml): A Three-Year Study (2022–23 To 2024–25)

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Index Terms—The aim of this research is to evaluate the financial performance of Balrampur Chini Mills Limited (BCML) over a three-year period from fiscal year 2022–23 to 2024–25. The study applies ratio analysis, trend analysis, and DuPont decomposition (three-step model) to assess profitability, liquidity, leverage, asset efficiency, and return on equity (ROE). Secondary data are drawn from annual reports, financial press releases, and relevant financial databases. The findings reveal that while BCML's revenue remained relatively stable or showed pressure in FY25, profitability and return metrics declined in FY25 compared to FY24. The DuPont analysis indicates that the drop in ROE is largely due to lower asset turnover combined with moderate leverage. The paper offers insights for management, investors, and stakeholders on risk areas and suggests strategic financial measures for improvement.

Index Terms—Balrampur Chini Mills Limited, Financial Analysis, Trend Analysis, DuPont Analysis, Liquidity, Profitability, Efficiency, ROE.

I. INTRODUCTION

Financial performance analysis is essential for understanding a company's operational efficiency, financial structure, and capacity to generate shareholder wealth. For agro-industry companies like BCML that operate in sugar, distillery, and co-generation, the seasonal nature of operations, inventory risk, and working capital financing are critical. BCML is one of India's major integrated sugar companies, with sugar production, ethanol (distillery) business, and cogeneration. This paper aims to analyze BCML's financial performance over three recent years to identify trends and underlying financial health.

II. REVIEW OF LITERATURE

- Pandey (2020) argued that ratio analysis provides a foundational view of a firm's profitability and financial stability through standard metrics.
- Gupta & Sharma (2021) highlighted the value of trend analysis in detecting structural shifts in performance over time.
- The DuPont Model (popularized by DuPont Corporation) decomposes ROE into profitability, efficiency, and leverage, thus giving deeper insight into the drivers of return on equity.
- Previous academic research on sugar companies in India has mostly focused on operational metrics, but there is limited multi-year consolidated financial analysis for large, diversified sugar firms such as BCML.

III. RESEARCH GAP

1. There is a lack of recent academic studies that examine BCML's three-year consolidated financial performance.
2. Few studies apply a combined approach of trend, ratio, and DuPont analysis specifically to BCML.
3. The recent expansion of BCML (distillery capacity, PLA project) has not been sufficiently analyzed from a financial return and risk perspective in the literature.

IV. OBJECTIVES OF THE STUDY

- To analyze BCML's financial performance using key financial ratios.
- To observe trends in liquidity, profitability, leverage, and efficiency over three years.

- To apply the DuPont three-step model to interpret changes in ROE.
- To identify strengths and financial risks, and to suggest actionable recommendations for stakeholders.

V. RESEARCH METHODOLOGY

5.1 Type of Research
- Quantitative, analytical, and descriptive.

5.2 Data Sources
Secondary data from:
- BCML annual reports (especially FY 2022–23, FY 2023–24, FY 2024–25).
- Financial news and press release (e.g., BCML press release for FY25).
- Equitymaster / financial databases.

5.3 Tools & Techniques
- Ratio Analysis (liquidity, leverage, profitability, efficiency)
- Trend Analysis (year-on-year changes)

- DuPont Three-Step ROE Model

5.4 Period of Study
Three financial years: FY 2022–23, FY 2023–24, FY 2024–25.

VI. COMPANY PROFILE: BALRAMPUR CHINI MILLS LIMITED (BCML)

Balrampur Chini Mills Limited is one of India's leading integrated sugar companies. It is engaged in:
- Sugar production (sugar mills in Uttar Pradesh)
- Distillery business (ethanol)
- Cogeneration (power generation from bagasse)
- New business: BCML is investing to set up a Polylactic Acid (PLA) biopolymer plant. (chini.com)

As of FY 2024–25, BCML has a cane-crushing capacity of ~80,000 TCD, a distillery capacity of 1,050 KLPD, and a co-generation capacity of ~175.7 MW.

VII. DATA PRESENTATION

7.1 Key Financial Data (₹ Crore)
Using consolidated data from reports and financial sources:

Table 7.1 — Financial Data (Crore INR)

Item	FY 2022–23	FY 2023–24	FY 2024–25
Sales / Revenue from Operations	4,665.86	5,593.74	5,415.38
Net Profit (PAT)	284.17	534.47	436.92
Total Assets	5,428.52	6,085.96	7,129.00
Total Equity / Net Worth	2,895.58	3,400.96	3,795.50
Total Debt (Long + Short)	~1,879.61	~2,009.15	~2,626.98

VIII. RATIO & TREND ANALYSIS

8.1 Liquidity Ratios
Current Ratio (using current assets and current liabilities from FY23/FY24 from Equitymaster / company sources):
- FY23: Current assets = 2,577.74 Cr, Current liabilities = 1,964.43 Cr Current Ratio = 2,577.74 / 1,964.43 ≈ 1.31

- FY24: Current Ratio reported in Chinimandi annual report = 1.43
- FY25: (Current assets for FY25 are not fully publicly broken out from our sources; hence liquidity ratio for FY25 is estimated less precisely, but increasing debt suggests some pressure.)

Quick Ratio (approx):

- FY23: (Current Assets − Inventories) / Current Liabilities = (2,577.74 − 2,318.79) / 1,964.43 ≈ 0.13
- FY24: Quick ratio reported for FY24 ≈ 0.08

Interpretation: BCML maintains a moderate current ratio >1, but very low quick ratio implies that much of its current assets are tied up in inventory, which is typical for sugar companies that hold finished sugar, molasses, etc.

8.2 Leverage (Solvency) Ratios
Debt-to-Equity Ratio = Total Debt / Equity:
- FY23 = 1,879.61 / 2,895.58 ≈ **0.65**
- FY24 = 2,009.15 / 3,400.96 ≈ **0.59**
- FY25 = 2,626.98 / 3,795.50 ≈ **0.69**

Interpretation: Leverage is moderate. BCML is using debt to finance operations, but is not overly leveraged; however, in FY25 debt increased significantly relative to equity, which raises concern about short-term financing risk especially given working capital needs.

8.3 Profitability Ratios
Net Profit Margin (PAT margin) = (PAT / Revenue) × 100
- FY23 = (284.17 / 4,665.86) × 100 ≈ 6.09%
- FY24 = (534.47 / 5,593.74) × 100 ≈ 9.56%
- FY25 = (436.92 / 5,415.38) × 100 ≈ 8.07%

Return on Assets (ROA) = PAT / Total Assets × 100
- FY23 = 284.17 / 5,428.52 ≈ 5.24%
- FY24 = 534.47 / 6,085.96 ≈ 8.78%
- FY25 = 436.92 / 7,129.00 ≈ 6.13%

Return on Equity (ROE) = PAT / Equity × 100
- FY23 = 284.17 / 2,895.58 ≈ 9.82%
- FY24 = 534.47 / 3,400.96 ≈ 15.72%
- FY25 = 436.92 / 3,795.50 ≈ 11.52%

Interpretation:

- Net margin improved strongly in FY24, and then declined in FY25.
- ROA and ROE followed a similar pattern: a peak in FY24 and drop in FY25.
- The decline in FY25 suggests either higher costs, lower efficiency, or underutilization of new assets.

8.4 Efficiency / Asset Utilization
Asset Turnover = Revenue / Total Assets
- FY23 = 4,665.86 / 5,428.52 ≈ 0.86×
- FY24 = 5,593.74 / 6,085.96 ≈ 0.92×
- FY25 = 5,415.38 / 7,129.00 ≈ 0.76×

Inventory as Percentage of Current Assets (approx):
- FY23: Inventories = 2,318.79 / Current Assets 2,577.74 ≈ 90%
- FY24: Inventories = 2,868.77 / 3,034.91 ≈ 94.6%
- FY25: Inventory data for FY25 ~ 3,118.81 Cr / Current Assets very high inventory load.

Interpretation:
- Asset turnover improved in FY24 but declined in FY25, indicating lower efficiency in converting assets into sales in FY25.
- High inventory proportion of current assets in all years indicates the business is carrying a very large inventory (sugar, molasses), which ties up working capital and reduces liquidity.

IX. DUPONT ANALYSIS

DuPont Formula:
ROE = (Net Profit Margin) × (Asset Turnover) × (Equity Multiplier)
First, compute Equity Multiplier = Total Assets / Equity:
- FY23 = 5,428.52 / 2,895.58 ≈ 1.87
- FY24 = 6,085.96 / 3,400.96 ≈ 1.79
- FY25 = 7,129.00 / 3,795.50 ≈ 1.88
Now, DuPont decomposition:

Table 9.1 — Calculated Ratios and Analysis Table

Year	Profit Margin	Asset Turnover	Equity Multiplier	ROE (Implied)
FY23	~6.09%	~0.86	~1.87	6.09% × 0.86 × 1.87 ≈ 9.82% (matches computed)
FY24	~9.56%	~0.92	~1.79	9.56% × 0.92 × 1.79 ≈ 15.72%
FY25	~8.07%	~0.76	~1.88	8.07% × 0.76 × 1.88 ≈ 11.52%

Interpretation:

- The jump in ROE in FY24 came primarily from a large increase in profit margin and reasonably good asset turnover.
- The decline in ROE in FY25 is due to both reduced profit margin and a significant drop in asset turnover, while leverage (equity multiplier) remained relatively stable.
- Hence, the main culprit for ROE decline in FY25 is weakening efficiency (asset use) and somewhat lower profitability, not increased leverage.

X. TREND ANALYSIS & KEY OBSERVATIONS

1. Revenue Trend: BCML saw a strong revenue increase from FY23 to FY24 (from ~₹4,666 Cr to ~₹5,594 Cr), but revenue declined in FY25 to ~₹5,415 Cr.
2. Profitability: PAT more than doubled from FY23 to FY24, but then contracted in FY25. This suggests FY24 was a very good year but FY25 saw margin pressure.
3. Asset Expansion: Total assets grew strongly over the three years, from ~₹5,428 Cr in FY23 to ~₹7,129 Cr in FY25.
4. Leverage: BCML's debt rose in FY25, increasing its debt-to-equity ratio, which could indicate higher working capital borrowing or capex funding.
5. Efficiency Risk: The decrease in asset turnover in FY25 indicates under-utilisation of the asset base built up in previous years.
6. Inventory Risk: Very high inventory levels (>90% of current assets) across years show that a large portion of working capital is tied up in inventory — a significant liquidity risk.

XI. FINDINGS

- Mixed Performance: BCML's financial performance shows a mixed pattern: strong profit growth in FY24, followed by a drop in FY25.
- Operational Efficiency Concern: The decline in asset turnover in FY25 signals that new or existing assets are not being utilized optimally.

- Working Capital Strain: High inventory levels and increased debt in FY25 suggest a growing working capital burden.
- Return Volatility: ROE is volatile — rising sharply in FY24, but falling in FY25, which may affect investor confidence.
- Strategic Investments: BCML's expansion (distillery, PLA plant) is capital-intensive, and while it may pay off in future, near-term financial strain is evident.

XII. CONCLUSION

Over the three-year period from FY 2022–23 to FY 2024–25, Balrampur Chini Mills Limited exhibited strong business scale-up but faced challenges in converting its asset growth into proportional return. While FY24 was a standout year in terms of profitability, FY25 saw a decline in net income and return metrics, primarily due to reduced asset efficiency. The DuPont analysis confirms that the drop in ROE is driven more by declining asset turnover than by changes in leverage. BCML remains financially stable, but improving asset utilization and managing its working capital will be critical for sustaining shareholder returns, particularly as it embarks on new growth initiatives in bioplastics and distillery.

XIII. RECOMMENDATIONS

1. Improve Asset Utilization: Focus on better capacity utilization of existing assets, and align production strategies to maximize throughput from new capacity (especially in distillery / bioproducts).
2. Working Capital Management: Implement tighter inventory control, reduce stock holding costs, and optimize receivables to free up cash.
3. Debt Management: Try to refinance or restructure debt to smoother repayment schedules; use longer-term financing for capex rather than short-term borrowings.
4. Performance Monitoring: Establish KPIs for asset turnover, and regularly monitor variances to prevent underutilization.
5. Strategic Focus on High-Margin Segments: Accelerate the PLA biopolymer project and

ethanol (distillery) business to shift revenue mix toward higher-margin products, reducing dependence on volatile sugar cycles.

XIV. LIMITATIONS OF THE STUDY

- The analysis relies on publicly available consolidated data; more granular segmental (sugar vs distillery) P&L data would improve precision, but is not always disclosed.
- Some ratio estimates for FY25 are approximated due to limited detailed line-item disclosure in public domain.
- External macro-factors (cane price volatility, government sugar-ethanol policies, weather) are not modelled quantitatively, though they materially impact performance.

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