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கைத்தொழில் அமைச்சு  
Ministry of Industries



# BCC Lanka Limited

## Performance Analysis Report

## **B. C. C. Lanka Limited (BCC)**

### **Background**

B C C Lanka Limited was incorporated as a limited liability public company in 1988 and was transformed into a public corporation and state-owned enterprise under Public Companies Act No. 23 of 1987 with a share capital of 10,000,000 shares held by the General Treasury.

The company's core business is the manufacture, sale and distribution of locally produced edible coconut oil and soap, detergents, disinfectants and other soap-based products. In the current market, the BCC brand (BCC) has a very strong brand image and will be the biggest force in the development of the BCC.

B.C.C. Lanka Limited is a state-controlled only supplier of soap and soap related products. BCC still offers economically priced quality consumer products to a small and select market segment. Accordingly, the primary objective of BCC Lanka Ltd's development plan is to increase the market share of the company by increasing its volume to a level where it can have an impact on the overall market while smoothing the production activities of the company.

Among the most popular Sri Lankan coconut exports to the global market are desiccated coconut, virgin coconut oil and coconut water, while the country's bristle fibre products manufactured through indigenous 'Drum' extraction method and activated carbon made with coconut shells are also in high demand. Sri Lanka is very popular in the world market for Desiccated Coconut (DC).

In the same way, it is planned to achieve 50% market share from the bottled edible oil market and 25% market share from soap and disinfectants with the implementation of the development projects of the restructuring process.

Among the branded products BCC oils have good acceptance in the market and rides on the familiarity and goodwill associated with both the Company and brand name.

In addition, the BCC plans to modernize the soap factory where in Board of Investment-Wathupitiwala – (BOI) premises by replacing with state of art machineries equipment's. Here it is plan to maintain a fully automated production line by replacing with most of manual activities.

### **Coconut Oil Refinery**

In terms of White Coconut Oil & Cooks-Joy, the main ingredient of these two products are considered as Non Refined coconut oil. Currently BCC Lanka Limited, procure grade one coconut oil from private sector small medium suppliers, and present to the market from the BCC brand names after delivering through a filtering process. The first grade of ordinary coconut oil is purchased by the private sector, filtered, and marketed as White Coconut Oil and Cooks-Joy.

Among the branded products BCC oils have good acceptance in the market and rides on the familiarity and goodwill associated with both the Company and brand name. The current coconut oil market consists of both local and imported coconut oil. Along with that, BCC coconut oil brand has become the most trusted coconut oil brand in the market.

### **Soap and Detergent products**

The soap factory produces laundry soap, beauty soap bars, and disinfectant related products. Those products and their brand names are given below.

1) Toilet Soap – Sandal Wood

Suvendra Floral

Suvendra Herbal

Health Joy

2) Laundry Soap – Sovereign Bar

Sno-Wite

3) Disinfectants – Pynol

Toilet Bowl Cleaner

4) Detergents – Dish Wash Liquid

Dish Wash Powder

5) Air Fresheners

6) Hand Wash

In the production of soap, soap noodles are used as the basic raw material, and the imported chemicals are sourced from local market suppliers who are registered with the company.

### **Performance Analysis**

The company performance analysis is done based on data given by the company related to the years 2017 to 2021.

### **Main Activities of the Company**

- Refining of coconut oil
- Manufacturing of laundry & toilet soap
- Manufacturing of disinfectants & detergents
- Distributing products under the name of “BCC” to the local market through agents who were appointed by the company.
- Direct deal to the supermarkets same level shops and institutions through agreements under competitive bidding procedures
- Rent out office and storage spaces which are owned by BCC Lanka Ltd.

## Product Portfolio

Product portfolio of BCC Lanka Limited comprises with following product lines.

- **Edible Oils:** BCC White Coconut Oil and Cooks Joy
- **Toilet Soap:** Sandal wood, Suvendra Herbal, Suvendra Floral, Health Joy
- **Laundry Soap :** Sovereign bar, Sno-Wite
- **Disinfectants :** Pynol, Toilet Bowl Cleaner
- **Washing Detergent:** Sno-Wite detergent liquid (1 Litre)
- **Dish Wash:** Dishwash Liquid, Dishwash Powder
- **Hand Wash**
- **Air Freshener**

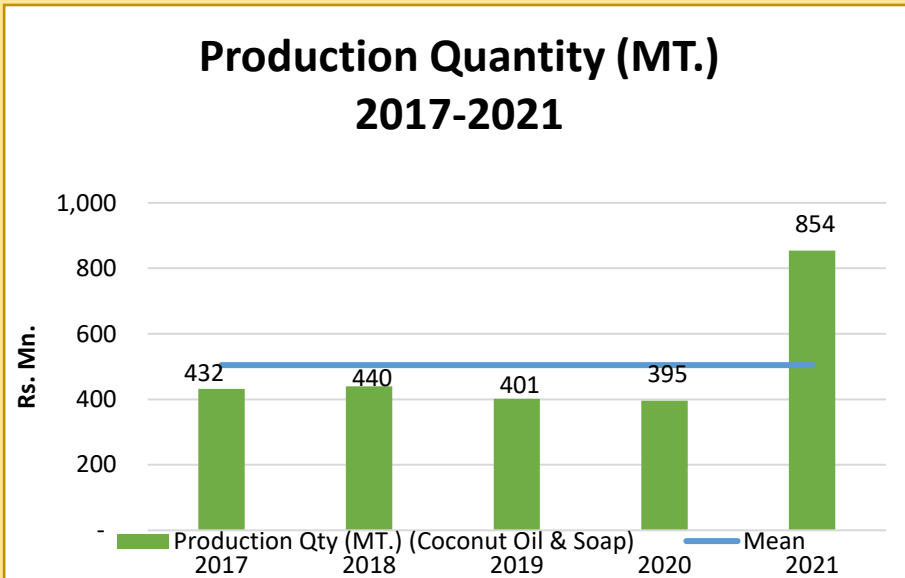
## Current Market Share and Production Capacity of the company

- ❖ The current coconut oil market consists of both local and imported coconut oil in addition, the Sri Lankan edible oil market consists of various types of palm and vegetable oils (corn, soy, ginger, peanuts, sesame, olives, etc.).
- ❖ Assuming that the average family consumes 2 litres of coconut oil per month, it is estimated that the annual consumption of edible oil in Sri Lanka is around 100,000 metric tons, of which 60% is coconut oil consumption. Accordingly, nearly 60,000 metric tons of coconut oil will be consumed annually in the country, while the BCC market share of this market is about 1.8% of the total market. BCC market share in the branded segment is about 5%, while the branded bottled coconut oil market is dominated by brands like Fortune, N-. Joey, Marina, and Turkey.
- ❖ However, with the massive concern of the composition of nutrients and chemical content of coconut oil, demand for BCC products increased noticeably in the past few months.
- ❖ In terms of soap market share, the BCC goodwill is somewhat useful in capturing the market, however, the major weakness of the company is, inability to influence the market with a sufficient scale and the unattractiveness of the BCC products comparing to competing products. BCC representation in a market which have an estimated annual demand of 21 billion is as follows.

Product	2020/2021	
	Average Estimated Demand (MT)	BCC market share
Beauty Soap	34000	1%
Laundry Soap	30000	1.20%

- ❖ The majority of machineries owned by BCC Lanka Limited are very old and the capacity of the machines is as follows. Accordingly, the company is planning to replace those machineries with fully automated machineries with the high intention in reducing the production cost.

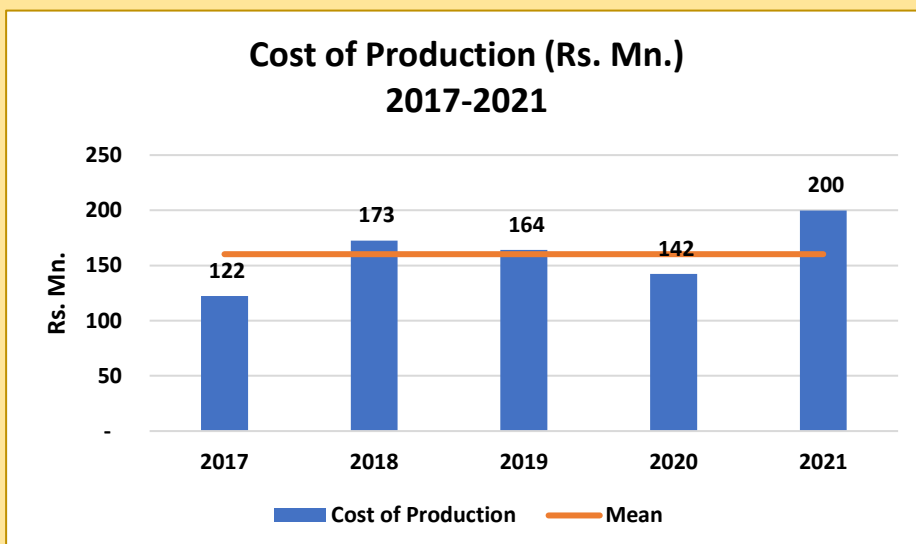
Production	2020		2021	
	Production Capacity (MT)	Average Production (Actual - MT)	Production Capacity (MT)	Average Production (Actual - MT)
Oil Production	540	250-300	1200	1000
Soap & Personal Care Production	600	150-200	600	150-200



Mean (MT)	Median	Standard Deviation
504.52	432	196.30

Graph 1

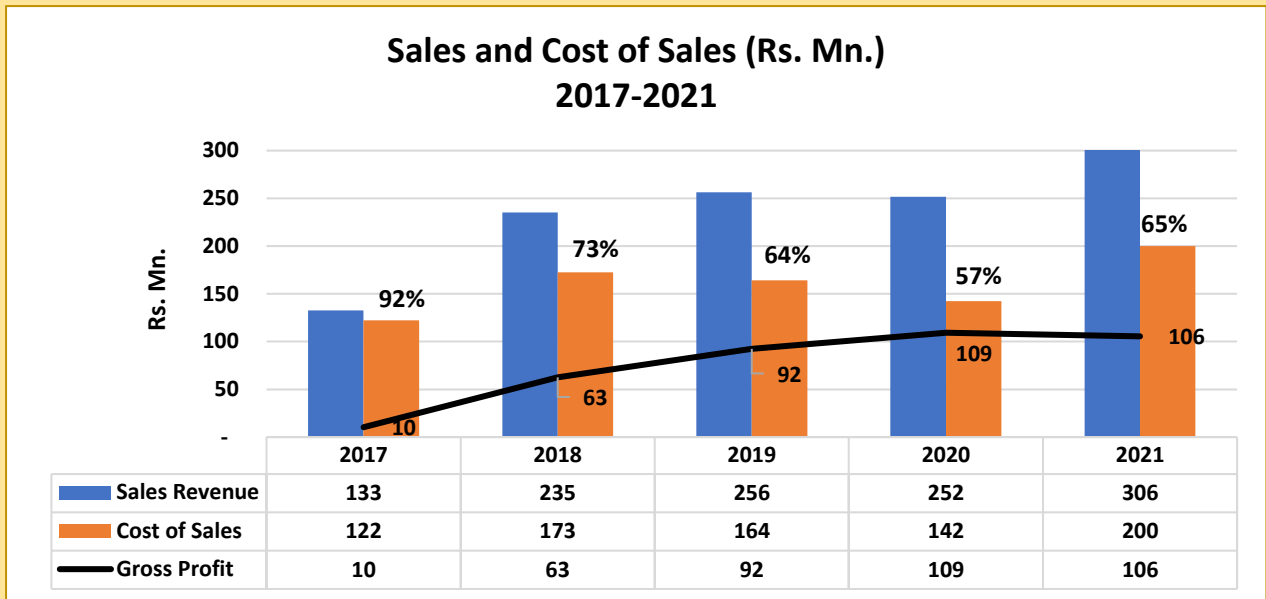
Graph 1 shows that BCC Lanka Limited has slight decrease in Coconut oil & Soap production within the time period from 2017 to 2020. However, production in 2021 has increased by more than 100% in quantity compared to the year 2020.



Mean (Rs. Mn.)	Median	Standard Deviation
160.26	164	29.55

Graph 2

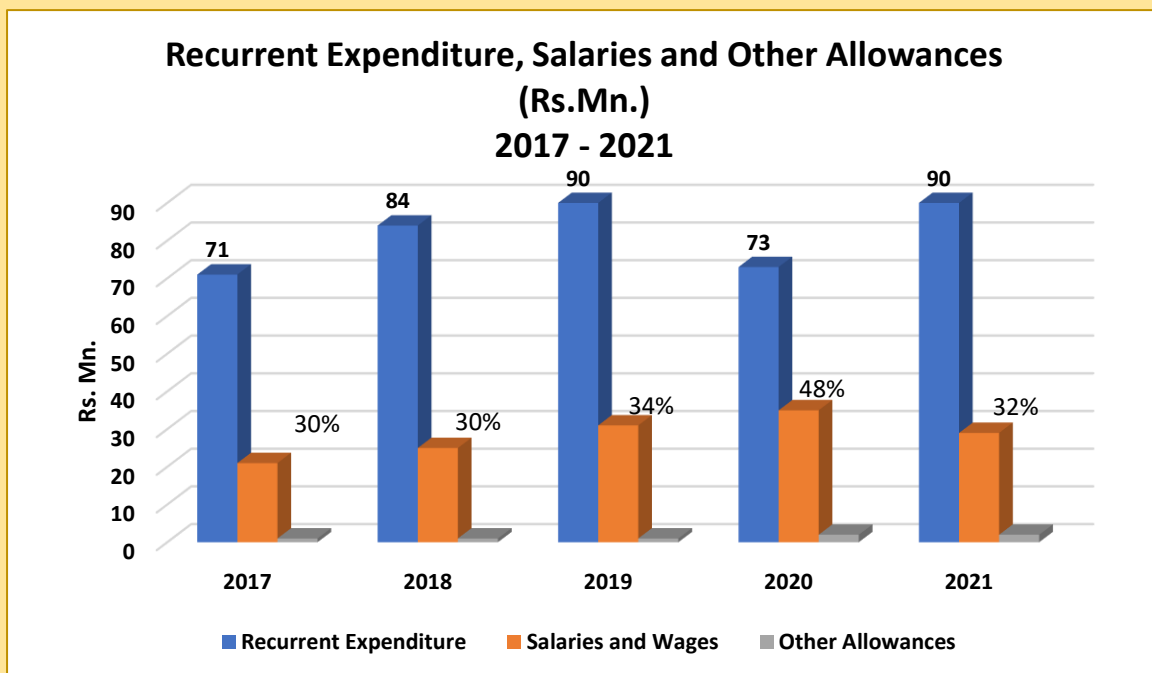
According to the graph 2, total cost of production has fluctuated from the year 2017 to 2021 and highest cost of production occurred in the year 2021.



Graph 3

Description	Mean (Rs. Mn.)	Median	Standard Deviation
Sales Revenue	236.31	252	63.56
Cost of Sales	160.26	164	29.55
Gross Profit	76.05	92	41.06

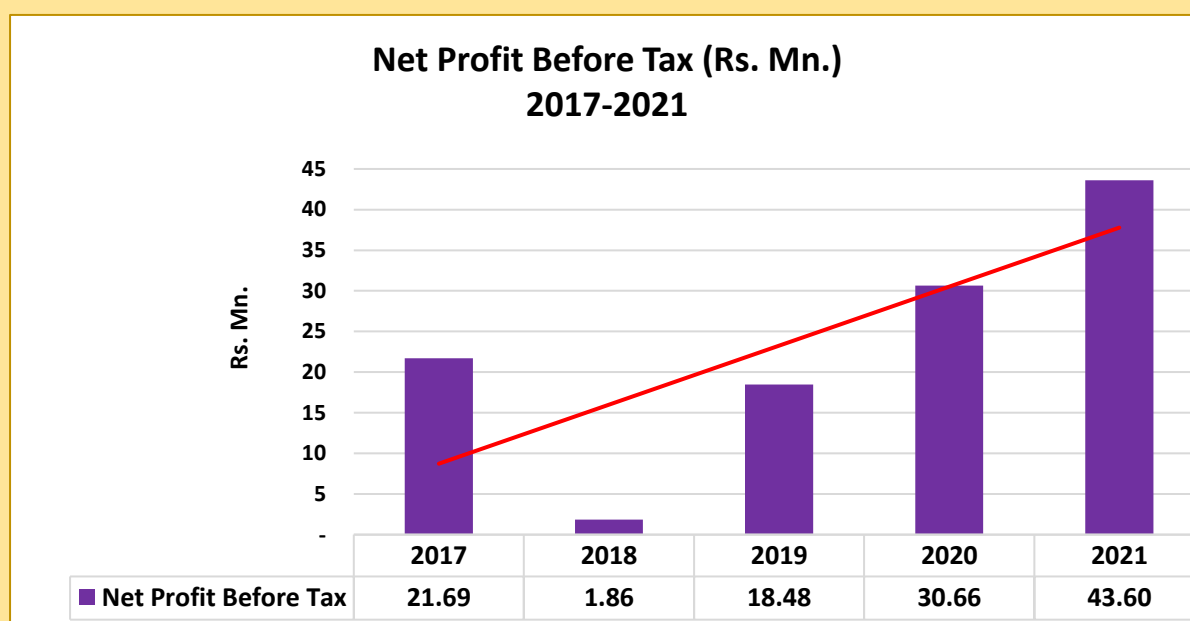
Sales revenue of BCC Lanka Limited has increased continuously from the year 2017 to 2021 as per the graph 3. Within the considered time period, cost of sales has also fluctuated. Graph shows rapid growth of gross profit from the year 2017 to 2019. Although in 2021 it decreased slightly compared to year 2020.



Graph 4

According to the graph 4, recurrent expenditure has continuously increased from the year 2017 to 2019 and slightly decreased in the year 2020. Salaries and wages, other allowances has fluctuated within the considered time period. Salaries and wages represent 30% - 48% from recurrent expenditure.

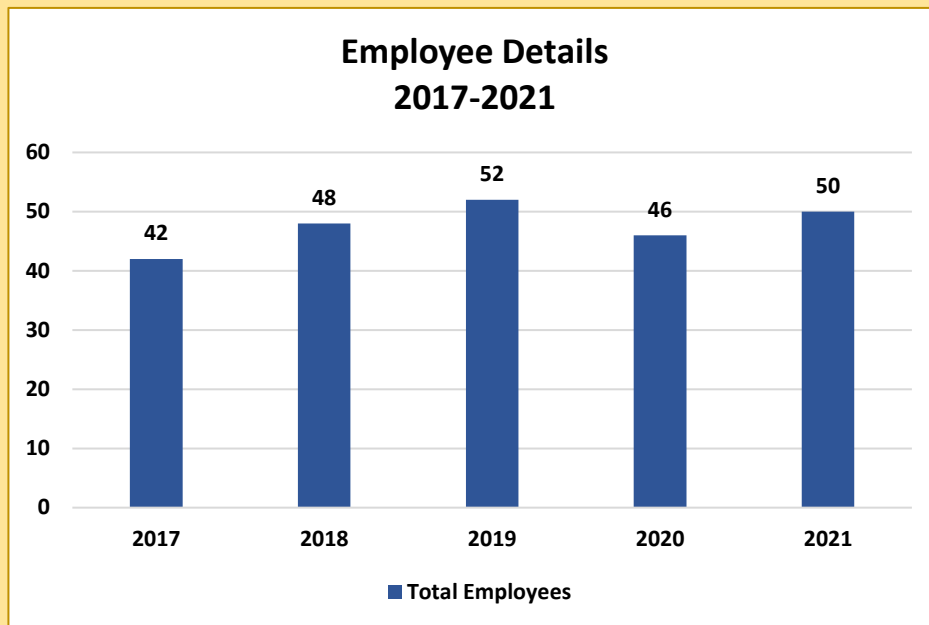
Description	2017	2018	2019	2020	2021
Recurrent Expenditure	71	84	90	73	90
Salaries and Wages	21	25	31	35	29
Other Allowances	1	1	1	2	2



Graph 5

Description	Mean (Rs. Mn.)	Median	Standard Deviation
Net Profit before tax	23.26	22	15.43

The graph 5 shows that Net Profit before tax of BCC Lanka Limited has sudden drop in the year 2018 due to increase in Cost of sales and decrease in Other Income. But from the year 2019 onwards company net profit before tax has increased gradually.



The total number of employees in the BCC Company has increased from 42 employees to 50 employees from the year 2017 to 2021.

### Observation and Recommendations

- ❖ With the massive concern of the composition of nutrients and chemical content of coconut oil, demand for BCC edible oil products increased noticeably in the past years.
- ❖ In terms of soap products market share, the BCC goodwill shows somewhat useful in capturing the market.
- ❖ By taking the advantage of trustworthiness of BCC brand name, the company has huge opportunity of gaining high profits thus necessary actions have to take to achieve profitability.
- ❖ As per the performance of the company from year 2017 to 2022, cost of production as well as cost of sales were comparatively high. Because to that reasons gross profits amounts were not much high. Therefor company have to use more cost reduction methods in both production and sales.
- ❖ With the advance of BCC goodwill, company have try to explore new markets with value added products which will lead to gain better profitability and stability in future.