



## Rating Rationale

10 December 2021

### The Bombay Dyeing and Manufacturing Company Limited

**Brickwork Ratings reaffirm the ratings for Bank Loan Facilities and Fixed Deposit instruments amounting to Rs.562.04 Cr of The Bombay Dyeing and Manufacturing Company Limited. The outlook continues to remain negative.**

#### Particulars

Facility**	Previous Amount (Rs Cr)	Present Amount (Rs. Cr)	Previous Rating (2 November 2020)	Present Rating* (December 2021)
Fund Based – Bank Facility	250.00	<b>112.26</b>	BWR BBB+ Negative	<b>BWR BBB+ Negative</b>
Fund Based. Fixed Deposit	0.81	<b>0.78</b>	BWR F BBB+ Negative	<b>BWR F BBB+ Negative</b>
Non Fund Based	450.0	<b>450.0</b>	BWR A2	<b>BWR A2</b>
<b>Total</b>	700.81	<b>562.04</b>	<b>Rupees Five Hundred Sixty Two Crores and Four Lakhs Only/-</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

\*\* Breakup of the facility is given in the annexure.

**Rating Action:** Rating Reaffirmation for the Bank Loan facilities and Fixed Deposit. The outlook continues to remain Negative.

The ratings reaffirmation continues to factor in the completed status of the project with low execution risk, receipt of a part occupation certificate (OC) for the project, and potential future cash flows from the land bank in Mumbai. The rating also draws comfort from the established track record of, The Bombay Dyeing & Manufacturing Co Ltd, resourceful promoter group and composition of Board of Directors, with the seven independent directors.

The ratings remain constrained on account of marketing risk for the unsold portion associated with the project on account of a relatively high ticket value and exposed to inherent cyclicality in real estate, volatility in the raw material price of the polyester staple fiber (PSF) industry due to its linkages to crude oil prices and competition in home textile segment and low profitability levels.

**Outlook:** The rating outlook continues to remain negative on account of uncertainties associated with timely monetization of land parcels, sale of FSI, inventory deal and reducing the debt level from the current level.



## **Key Rating Driver.**

### **Credit Strength:-**

#### **Established track record of BDMC.**

BDMC was founded in 1879 by Shri Nowrosjee Wadia. Currently, the Wadia group (founded by Lovji Wadia) has a presence across textiles, real estate, aviation, foods and plantations, engineering and chemicals, and healthcare. BDMC is engaged in the home textiles, polyester and real estate businesses. Over the years, BDMC has extended its presence from textiles and fabric to PSF, and realty and real estate.

### **Low project execution risk.**

The major construction work for both the towers of the project called Island City Center is completed, and as such, the risk of project execution is minimal. The project consists of two towers, namely, ICC 1 and ICC 2. ICC 1 consists of 59 floors, while ICC -2 consists of 65 floors. The company has received OC for ICC tower 1 up to the 47<sup>th</sup> floor, and ICC tower 2 up to the 50<sup>th</sup> floor. Since the project is largely complete, finished inventories will lead to faster collections and support future sales velocity, thereby supporting cash flows. The OC for the remaining floors which was to be received in December 2020 is now expected to be received in Q3FY22.

**Experienced board of directors and management team:** The board is composed of eminent persons with considerable professional experience in diverse fields. The board consists of nine members with seven independent directors, headed by Chairman Mr. Nusli N. Wadia.

### **Credit Risk:-**

#### **Financials Performance remained lukewarm, however has started improving.**

The Company has reported revenue from operations of Rs.876.41 Cr and net loss of Rs.201.27 Cr for the half year ended 30 September 2021 v/s revenue from operations of Rs.308. 25 Cr and net loss of Rs. 219.79 Cr for the half year ended 30 September 2020. The total revenue from operations for FY21 stood Rs.1193.42 Cr with net loss of Rs.468.89 Cr. On account of losses reported by the company the coverage ratios continue to remain weak. The total debt continues to remain high at Rs.3730 Cr as on 30 September 2021 with high debt maturity amounting to Rs.905 Cr for H2FY22 and Rs.1427 Cr for FY23. The various measures which the Company has planned include asset monetization, bulk deal of ready inventories of ICC tower for reduction in debt level. Company is in talks with a few developers/investors for the sale of FSI/Joint Development and the discussions/negotiations are in process. The Company is confident of materializing these plans and reducing the debt levels.

**Marketing risk for the project, which is of relatively high-ticket value.** Challenging market conditions and relatively high-ticket sizes for the project exposes BDMC to some market risk with respect to the balance-unsold inventory.



### **Exposed to inherent cyclicity in real estate industry**

The cyclical nature of the industry, coupled with subdued demand, puts pressure on sales realizations and consequently the cash flows.

### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

BWR has taken a consolidated approach for the rating of The Bombay Dyeing and Manufacturing Company Limited. The list of entities consolidated is given in the annexure. Please refer to the links to applicable criteria at the end of this rationale.

### **Rating Sensitivities.**

**Positive:** Significant debt repayment and improvement in capital structure, satisfactory and significant fresh sales and collections, improvement in overall financial performance of the company including profitability, debt service indicator and liquidity profile are key rating positive.

**Negative:** Increased debt levels and decline in net worth, weakening of profitability & liquidity profile and inability to sell unsold inventories and expected monetization are key negative sensitivities.

**Liquidity Profile: Adequate:** As on 2 December 2021, the company has investments in shares of listed group companies (The Bombay Burmah Trading Corporation Limited and National Peroxide Limited) amounting to Rs.500 Cr (which is also subject to market volatility) and Cash. Bank Balance & Investment in fixed deposit amounting to Rs.100 Cr. The Company is also making various attempts to monetize the land parcel and inventories and is in talks with few developers/investors for sale of FSI/Joint Development and the discussions/negotiations are in process and is expected to materialize soon. The liquidity along with various measures the Company is undertaking is expected to remain adequate for repayment obligations amounting to Rs.905 Cr for the balance year of FY22.

### **About the Project: Island City Center**

The Company is currently developing a project called Island City Centre, in Dadar, Mumbai (Maharashtra). The project consists of two towers, namely, ICC 1 and ICC 2. ICC-1 consists of 59 floors, and ICC-2 is 65 floors. The OC has been received for ICC-1 up to the 47<sup>th</sup> floor and ICC-2 up to the 50<sup>th</sup> floor. The OC for the remaining floors which was to be received in December 2020 is now expected to be received in Q3FY22. The total units in the project are 530 of which 344 has been sold as on 30<sup>th</sup> September 2021 and the balance to be received from sold inventories is Rs.496Cr. The unsold inventory in both towers is 186 and expected valuation is of ~Rs.1561Cr.

### **The Bombay Dyeing and Manufacturing Company Limited (BDMC)**

The Bombay Dyeing & Manufacturing Co Ltd (BDMC), a flagship, was founded in 1879 by Mr. Nowrosjee Wadia. Currently, the Wadia group (founded by Loeji Wadia) has a presence across



textiles, real estate, aviation, foods and plantations, engineering and chemicals, and healthcare. BDMC is engaged in the home textiles, polyester and real estate businesses. Over the years, BDMC has extended its presence from textiles and fabric to PSF and realty.

**Shareholding Pattern:** The promoters and promoter group hold around 53.66%, and 46.33% is held by the public.

**Board of Directors:** The board is composed of eminent persons with considerable professional experience in diverse fields, headed by Chairman/ Non-Executive/ Promoter Director Mr. Nusli N Wadia.

**Consolidated Key Financials: BDMC**

Result Type	31-Mar-20	31- March 2021
Particulars ( Rs in Crs)	Audited	Audited
Total Operating Income	1894.62	1193.42
OPBDIT	327.82	26.19
PAT (Loss)	327.81	(469.13)
Net Worth	59.72	-195.01
Total Debt	4147.46	4169.61
ISCR (times)	0.59	0.04
DSCR (times)	1.58	0.25

**List of Subsidiaries and Joint Venture forming as part of Consolidation Financials**

Name	Nature	% of holdings
Pentafil Textile Dealers Limited JV	Associate	49%
Bombay Dyeing Real Estate Company Limited	Associate	40%
P.T Five Star Textiles	Subsidiary	97.36%

**Rating History for the last three years (Including Rating Withdrawal and Suspended)**

Sr. No	Instrument /Facility			Current Rating	Rating History		
		Type	Amt (Rs in Cr)		December 2021 October	2020	2019
1	FB- Bank Facility	LT	50.00	BWR BBB+ Negative	BWR A/Stable March -2020	BWR A Stable	BWR BBB+ Stable
					BWR A-/Negative June-2020		
					BWR BBB+/Negative November 2020		
2	FB - Fixed Deposit	LT	0.78	BWR F BBB+ Negative	BWR FA/Stable March- 2020	BWR FA Stable	BWR FBBB+ Stable
					BWR FA-/Negative June – 2020		
					BWR FBBB+/Negative November 2020		
3	NFB- LC/ BG	ST	450.00	BWR A2	BWR A2+ March/June 2020 BWR A2 November 2020	BWR A2+	BWR A3+
4	FB- LRD	LT	61.26	BWR BBB+ Negative	BWR A-/Negative June- 2020. BWR BBB+/Negative November 2020	-	-
Total			562.04	Rupees Five Hundred Sixty Two Crores and Four Lakhs Only/-			

**COMPLEXITY LEVEL OF THE INSTRUMENT: SIMPLE**

[www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)



Hyperlink/Reference to applicable Criteria

- [General Criteria.](#)
- [Approach to Financial Ratios.](#)
- [Manufacturing Company.](#)
- [Short Term Debt.](#)

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

Analytical Contacts	
<b>Ajit Jagnade</b> Senor Manager – Ratings. Board: +91 22 28311426, 28311439. <a href="mailto:ajit.j@brickworkratings.com">ajit.j@brickworkratings.com</a>	<b>Bal Krishna Piparaiya</b> Principal Director – Ratings Board: +91 22 28311426,28311439. <a href="mailto:piparaiya.bk@brickworkratings.com">piparaiya.bk@brickworkratings.com</a>
1-860-425-2742	I <a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**Annexure 1**  
**The Bombay Dyeing and Manufacturing Company Limited**  
**Details of Bank Loan Facilities**

Facility/Bank	Amount (Rs. Cr)
<b>Term Loan</b>	
ICICI Bank – LRD	61.26
<b>Cash Credit/ OD</b>	
Bank of Baroda	50.00
Fixed Deposit	0.78
<b>Total Fund Based - A</b>	112.04
<b>Non Fund Based</b>	
LC/BG	
Bank of Baroda	450
<b>Total Non-Fund Based - (B)</b>	450
<b>Total Bank Limits (A+B)</b>	562.04



### **For print and digital media**

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**About Brickwork Ratings :** Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER :** Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.

BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgement are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

BWR also wishes to inform that access or use of the said documents does not create a client relationship between the user and BWR.

The ratings assigned by BWR are only an expression of BWR's opinion on the entity / instrument and should not in any manner be construed as being a recommendation to either, purchase, hold or sell the instrument.

BWR also wishes to abundantly clarify that these ratings are not to be considered as an investment advice in any jurisdiction nor are they to be used as a basis for or as an alternative to independent financial advice and judgement obtained from the user's financial advisors. BWR shall not be liable to any losses incurred by the users of these Rating Rationales, Rating Reports or its contents. BWR reserves the right to vary, modify, suspend or withdraw the ratings at any time without assigning reasons for the same.

BWR's ratings reflect BWR's opinion on the day the ratings are published and are not reflective of factual circumstances that may have arisen on a later date. BWR is not obliged to update its opinion based on any public notification, in any form or format although BWR may disseminate its opinion and analysis when deemed fit.

Neither BWR nor its affiliates, third party providers, as well as the directors, officers, shareholders, employees or agents (collectively, "BWR Party") guarantee the accuracy, completeness or adequacy of the Ratings, and no BWR Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Rating Rationales or Rating Reports. Each BWR Party disclaims all



express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its web site, [www.brickworkratings.com](http://www.brickworkratings.com). More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.