



Amended Rating Rationale

23 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)	Tenure	Previous Rating (2 November 2020)	Present Rating* (December 2021)
Fund Based – Bank Facility	250.00	111.26	Long Term	BWR BBB+ Negative	BWR BBB+ Negative
Fund Based. Fixed Deposit	0.81	0.78	Long Term	BWR F BBB+ Negative	BWR F BBB+ Negative
Non Fund Based	450.0	450.0	Short Term	BWR A2	BWR A2
Total	700.81	562.04	Rupees Five Hundred Sixty Two Crores & Four Lakhs Only/-		

*Please refer to BWR website 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 47th floor, and ICC tower 2 up to the 50th 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 47th floor and ICC-2 up to the 50th 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 30th 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	BWR BBB+ Stable
					BWR A/Stable March -2020		
					BWR A-/Negative June-2020		
					BWR BBB+/Negative November 2020		
2	FB - Fixed Deposit	LT	0.78	BWR F BBB+ Negative		BWR FA Stable	BWR FBBB+ Stable
					BWR FA/Stable March- 2020		
					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



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

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Annexure 1

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

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



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