



Rating Rationale

26 Sep 2022

The Bombay Dyeing and Manufacturing Company Limited

Brickwork Ratings assigns an issuer rating to 'The Bombay Dyeing and Manufacturing Company Limited' and reaffirms the ratings for existing bank Loan facilities and fixed deposit instrument amounting to Rs. 558.14 Crs of The Bombay Dyeing and Manufacturing Company Limited.

Particulars:

Entity	Rating Type	Tenure	Rating*
The Bombay Dyeing and Manufacturing Company Limited	Issuer	Long Term	BWR BBB+/Negative Assigned

Instrument/ Facilities**	Previous Amount (Rs. Crs)	Present Amount (Rs. Crs)	Tenure	Previous Rating (December,2021)	Present Rating*
Fund Based (Bank Facilities)	111.26	107.6	Long Term	BWR BBB+/Negative	BWR BBB+/Negative Reaffirmed
Fund Based ¹ (Fixed Deposit)	0.78	0.54	Long Term	BWR F BBB+/Negative	BWR BBB+/Negative Reaffirmed
Non Fund Based	450.00	450.00	Short Term	BWR A2	BWR A2 Reaffirmed
Total	562.04	558.14	(Rupees Five Hundred Fifty Eight Crores and Fourteen Lakhs Only)		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

**Details of bank loan facilities are provided in Annexure-I

¹BWR had removed the prefix 'F' from its Long Term rating i.e. to BWR BBB+ from BWR F BBB+ subsequent to revision in Rating Symbols pursuant to SEBI and RBI Guidelines vide BWR press release dated 29 June 2022.

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has assigned an issuer rating of BWR BBB+/Negative and has also reaffirmed the long-term rating at BWR BBB+ with a Negative outlook and short-term rating at BWR A2 for the bank loan facilities and fixed deposit instrument amounting to Rs. 558.14 Crs of The Bombay Dyeing and Manufacturing Company Limited (BDMC or the company).

The ratings reaffirmation continues to factor in the completed status of the project with low execution risk, receipt of occupancy certificate (OC) for significant portion of the project and potential future cash flows from the monetisation of land bank in Mumbai. The rating also draws comfort from the established track record of BDMC, resourceful promoter group and improved year on year performance in FY22 though the same remained lower than the envisaged levels.



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 cyclicalities in real estate, volatility in the raw material price of polyester staple fiber (PSF) due to its linkages to crude oil prices, competition in home textile segment and low profitability levels though on an improving trend.

The rating outlook continues to remain negative on account of continued uncertainties associated with timely monetization of land parcels, sale of FSI and reducing the debt level from the current level. However BWR has taken note of the proposed right issue plan and expected reduction in debt level.

KEY RATING DRIVERS

Credit Strengths:-

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 real estate.

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.

Completed status of the project and healthy level of bookings achieved till August 2022

The major construction work for both the towers of the project called Island City Center (ICC) is completed and, as such, the risk of project execution is minimal. The project consists of two towers, namely, ICC 1 (59 floors) and ICC 2 (65 floors). Since the project is largely complete, finished inventories are expected to lead to faster collections and support future sales velocity, thereby supporting cash flows. The total units in the project are 530 of which 383 units have been sold as of 30-June-2022 (330 units were sold as of 30 June 2021) and OC has been received for 520 units with the balance to be received from sold inventories is Rs. 360 Crs. The unsold inventory in both towers is 147 and expected valuation is ~Rs.1250 Crs. Based on the discussion with the company's management, BWR understands that the company has already sold 68 flats till August 2022 and plans to sell a total of 172 flats during FY23 as against 54 flats sold in FY22.

Credit Risks:-

Financial performance, though improved, remained lower than envisaged performance

The Company has reported total operating income (TOI) of Rs. 2000.92 Crs with a net loss of Rs. 460.32 Crs for FY22(A) vis-a-vis TOI of Rs. 1193.42 Crs with a net loss of Rs. 469.13 Crs



for FY21(A). For Q1FY23, the company has reported TOI of Rs. 606.37 Crs with a net loss of Rs. 76.82 Crs vis-a-vis TOI of Rs. 380.85 Crs with a net loss of Rs. 107.91 Crs for Q1FY22. On account of losses reported by the company the coverage ratios continue to remain weak. The total debt continues to remain high at Rs. 4,142.23 Crs as on 31 July 2022 with high debt maturity amounting to Rs. 996.97 Crs in FY23, Rs. 649.77 Crs in FY24 and Rs. 2,455.47 Crs in FY25. The various measures which the Company has planned for reduction in debt level include asset monetization. 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 are in process. The Company is confident of materializing these plans and reducing the debt levels and this remains a key monitorable. BWR has taken note of the recently announced rights issue of Rs. 940 Crs

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 cyclicality in real estate industry

The real estate sector is cyclical and has a highly fragmented market structure because of the presence of a large number of regional players. In addition, being a cyclical industry, the real estate sector is highly dependent on macro-economic factors, which in turn exposes the company's sales to any downturn in demand.

RATING SENSITIVITIES

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

Negative Factors: Higher than envisaged debt levels and/or lower than expected financial performance of the company. Any significant delay in monetization plans as against the envisaged timelines

KEY COVENANTS OF INSTRUMENT/FACILITY RATED

For the bank loan facilities, the terms of sanction include standard covenants normally stipulated for such facilities.

LIQUIDITY INDICATORS (ADEQUATE):

As on 30 June 2022, the company has investments in shares of listed group companies (The Bombay Burmah Trading Corporation Limited and National Peroxide Limited) amounting to Rs. 400 Crs. Cash & cash equivalents as of 30 June 2022 stood at Rs. 182.74 Crs which includes cash on hand of Rs. 0.04 Cr, balance with banks in the current account of Rs. 57.70 Crs and fixed deposit with banks of Rs. 125 Crs (fixed deposit against lien: Rs. 44 Crs). 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 are in process. The



liquidity along with various measures the company is undertaking including the right issue is expected to remain adequate for repayment obligations amounting to Rs. 996.97 Cr (o/s as of July 2022) for the balance part of FY23.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has taken a consolidated approach for the rating of BDMC. Reference may be made to the Rating Criteria hyperlinked below. List of entities consolidated is as per annexure II.

COMPANY'S PROFILE:

BDMC, a flagship company, 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 real estate.

The promoters and promoter group holds around 53.66 % and the balance is public shareholding of 46.34% as of 30 June 2022. 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.

KEY FINANCIAL INDICATORS

Key Financial Indicators*** (Consolidated)	FY21 (A)	FY22 (A)
Total Operating Income (Rs. Crs)	1193.42	2000.92
PAT (Rs. Crs)	-469.13	-460.32
Total Debt (Rs. Crs)	4169.61	4441.75
Tangible Networth (TNW) (Rs. Crs)	-195.01	-757.37
Total Debt /TNW (times)	-21.38	-5.86

***As per BWR calculations

For Q1FY23, the company has reported TOI of Rs. 606.37 Crs with a net loss of Rs. 76.82 Crs vis-a-vis TOI of Rs. 380.85 Crs with a net loss of Rs. 107.91 Crs for Q1FY22.

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY): NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

Sr. No	Entity Type /Instrument /Facilities			Current Rating	Rating History					
		Type	Amt (Rs in Cr)	September 2022	December 2021	2020	2019			
1	Fund Based (Bank Facilities, excluding LRD)	Long Term	50.00	BWR BBB+ Negative Reaffirmed	BWR BBB+ Negative	<table border="1"> <tr><td>BWR A/Stable March -2020</td></tr> <tr><td>BWR A-/Negative June-2020</td></tr> <tr><td>BWR BBB+/Negative November 2020</td></tr> </table>	BWR A/Stable March -2020	BWR A-/Negative June-2020	BWR BBB+/Negative November 2020	BWR A Stable
BWR A/Stable March -2020										
BWR A-/Negative June-2020										
BWR BBB+/Negative November 2020										
2	Fund Based I (Fixed Deposit)	Long Term	0.54	BWR BBB+ Negative Reaffirmed	BWR F BBB+ Negative	<table border="1"> <tr><td>BWR F A/Stable March- 2020</td></tr> <tr><td>BWR FA-/Negative June – 2020</td></tr> <tr><td>BWR F BBB+/Negative November 2020</td></tr> </table>	BWR F A/Stable March- 2020	BWR FA-/Negative June – 2020	BWR F BBB+/Negative November 2020	BWR FA Stable
BWR F A/Stable March- 2020										
BWR FA-/Negative June – 2020										
BWR F BBB+/Negative November 2020										
3	Non Fund Based	Short Term	450.00	BWR A2 Reaffirmed	BWR A2	<table border="1"> <tr><td>BWR A2+ March/June 2020</td></tr> <tr><td>BWR A2 November 2020</td></tr> </table>	BWR A2+ March/June 2020	BWR A2 November 2020	BWR A2+	
BWR A2+ March/June 2020										
BWR A2 November 2020										
4	Fund Based (LRD)	Long Term	57.60	BWR BBB+ Negative Reaffirmed	BWR BBB+ Negative	<table border="1"> <tr><td>BWR A-/Negative June- 2020.</td></tr> <tr><td>BWR BBB+/Negative November 2020</td></tr> </table>	BWR A-/Negative June- 2020.	BWR BBB+/Negative November 2020	-	
BWR A-/Negative June- 2020.										
BWR BBB+/Negative November 2020										
5	Issuer Rating	Long Term	-	BWR BBB+ Negative Assigned	-	-	-			
Total			558.14	(Rupees Five Hundred Fifty Eight Crores and Fourteen Lakhs Only)						

¹BWR had removed the prefix ‘F’ from its Long Term rating i.e. to BWR BBB+ from BWR F BBB+ subsequent to revision in Rating Symbols pursuant to SEBI and RBI Guidelines vide BWR press release dated 29 June 2022.

NA: Not Available

Any other information: NIL

COMPLEXITY LEVELS OF THE INSTRUMENTS:

Fixed Deposit Instrument: Simple

Bank Loan Facilities: Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Manufacturing Companies](#)
- [Rating Criteria – Rating of Real Estate - Residential Projects](#)

The Bombay Dyeing and Manufacturing Company Limited

ANNEXURE I

Details of Bank Loan Facility rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs.)
1	ICICI Bank	LRD	57.60	-	57.60
2	Bank of Baroda	Cash Credit	50.00	-	50.00
		Inland/Import Letter of Credit	-	450.00	450.00
TOTAL					557.6

(Rupees Five Hundred Fifty Seven Crores and Sixty Lakhs Only)

ANNEXURE II

List of entities consolidated

Sr. No.	Name of Entity	Nature	% Holding	Rationale for consolidation
1	Pentafil Textile Dealers Limited JV	Associate	49%	Analytical approach is based on consolidated basis
2	Bombay Dyeing Real Estate Company Limited	Associate	40%	Analytical approach is based on consolidated basis
3	P.T Five Star Textiles	Subsidiary	97.36%	Analytical approach is based on consolidated basis



Analytical Contacts	
Satish Jewani [Manager-Ratings] [Board:+91 22 2831 1426 Ext: 603] [Email Address: satish.j@brickworkratings.com]	Chintan Lakhani [Director- Ratings] [Board:+91 22 2831 1426] [Email Address: chintan.l@brickworkratings.com]
1-860-425-2742	media@brickworkratings.com

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, 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. 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.