

The Bombay Burmah Trading Corporation Limited (Revised)

April 07, 2022

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	51.70	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Short-term Bank Facilities	1.00	CARE A1+ (A One Plus)	Reaffirmed
Total Bank Facilities	52.70 (Rs. Fifty-two crore and seventy lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of The Bombay Burmah Trading Corporation Limited (BBTCL) continue to derive strength from it being one of the holding companies of the Wadia group. BBTCL has equity investments in group companies like Britannia Industries Limited (BIL) and The Bombay Dyeing & Manufacturing Company Limited (BDMCL) that have significant market value. The rating also factors in the reputed and well-established promoter group, its presence in diversified businesses and expected monetization of real estate assets towards reduction of debt.

Any large debt-funded capital expenditure impacting financial risk profile of the company, dilution of stake in BIL, ability to recover the inter-corporate deposits (ICDs) from its group companies in a timely manner and delay in monetization of real estate assets would be key rating sensitivities.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Significant improvement in value of investments

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Any significant dilution of BBTCL's stake in BIL
- Significant increase in BBTCL's external debt or a weakening of the standalone liquidity position

Detailed description of the key rating drivers

Key Rating Strengths

Reputed and well-established promoter group

BBTCL is one of the flagship companies of the Wadia group and has been in existence for over 150 years. The Wadia group, founded in the year 1736 by Mr Lovji Nusserwanjee Wadia, is among the oldest conglomerates in India having a diversified presence in consumer goods, healthcare, real estate, aviation, chemicals and electronics.

Investments in group companies (BIL & BDMCL) with strong credit profile

BBTCL is the investing arm of the group and holds investments in many group companies including BIL (50.56% stake) and BDMCL (44.25% stake) as on December 31, 2021. The market value of investments in BIL and BDMCL by BBTCL is Rs.38,575.71 crore as on March 25, 2022, which is significantly high as compared to the total debt of the company, which is Rs.1,044.96 crore.

Well-established presence in diversified businesses

BBTCL at a standalone level has presence into diversified business viz. plantations, electromechanical, pneumatic and hydraulic components, dental products and weighing scales. The revenue stream and cash flow of BBTCL are therefore, diversified, mitigating the risk and volatility from any one particular business segment.

Monetization of real estate assets

BBTCL has land parcels at Kanjurmarg, Mumbai (2 acres), Akurdi, Pune (17 acres) and at Coimbatore (4 acres). As per management, BBTCL plans to sell the land parcels in FY23 and the proceeds of the same are expected to be utilized to repay the debt so as to improve the capital structure.

¹Complete definitions of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

Key Rating Weaknesses

Moderate operational and financial risk profile

On a standalone basis, the company achieved a total operating income of Rs.308.08 crore during FY21 (vis-à-vis Rs.280.87 crore during FY20) along with net profit of Rs.2.08 crore (vis-à-vis loss of Rs.17.03 crore during FY20 and loss of Rs.19.70 crore during FY19). BBTCL's standalone debt coverage indicators and financial risk profile continued to remain weak in FY21, however there is an improvement in PBILDT interest coverage as it increased from 0.81x in FY20 to 1.07x in FY21. The overall gearing was 4.56x as on March 31, 2021 (vis-à-vis 2.15x as on March 31, 2020) on account of increase in total debt during the year.

Liquidity: Adequate

As on March 31, 2021, the company has a cash and bank balance of Rs.54.57 crore as compared to Rs.14.42 crore on March 31, 2020. The average working capital utilization was around 22% for the 12 months ended December 2021. The company is supported by regular other income which includes interest on ICDs and dividends received from subsidiaries. The company is also able to refinance its debt on regular basis due to its significant quantum of the market value of its investments. The company also received dividend income of Rs.60.38 crore in FY21 as compared to Rs.55.69 crore in FY20.

Analytical approach: Standalone

BBTCL is one of the holding companies of the Wadia group; hence, the ratings are driven by value of its investments in the Wadia group companies like BIL and BDMCL.

Applicable Criteria

[Policy on default recognition](#)

[Consolidation](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Investment Holding Companies](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

About the Company

Incorporated in 1863 under the Wadia group, The Bombay Burmah Trading Corporation Limited (BBTCL) is engaged in plantation business, auto-ancillary manufacturing, weighing products and dental products. The company owns tea and coffee estates in the South Indian states of Tamil Nadu and Karnataka as well as Tanzania; the weighing products division is located at Valsad, dental products division at Uttarakhand and the auto ancillary division at Chennai, Tamil Nadu.

The Wadia group, controlled by Mr Nusli Wadia (Chairman) and his family, is one of the oldest corporate houses of India having diversified interests in consumer goods and products, healthcare, real estate, plantations, chemicals, electronics and aviation. BBTCL also has significant investments (individually and via subsidiaries) in Britannia Industries Limited and The Bombay Dyeing and Manufacturing Company Limited.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	31-12-2021 (Prov.)
Total operating income	280.87	308.08	250.65
PBILDT	30.81	80.87	55.71
PAT	-17.03	2.80	-11.01
Overall gearing (times)	2.15	4.56	NA
Interest coverage (times)	0.81	1.07	0.93

A: Audited; Prov.: Provisional; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	49.00	CARE AA; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	1.00	CARE A1+
Term Loan-Long Term	-	-	-	June 2021	2.70	CARE AA; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Cash Credit	LT	49.00	CARE AA; Stable	1)CARE AA; Stable (07-Apr-21)	1)CARE AA; Stable (03-Apr-20)	-	1)CARE A1+ (07-Mar-19) 2)CARE A1+ (06-Apr-18)
2	Fund-based - ST-Working Capital Demand loan	-	-	-	-	-	-	1)Withdrawn (06-Apr-18)
3	Non-fund-based - ST-BG/LC	ST	1.00	CARE A1+	1)CARE A1+ (07-Apr-21)	1)CARE A1+ (03-Apr-20)	-	1)CARE A1+ (07-Mar-19) 2)CARE A1+ (06-Apr-18)
4	Term Loan-Long Term	LT	2.70	CARE AA; Stable	1)CARE AA; Stable (07-Apr-21)	1)CARE AA; Stable (03-Apr-20)	-	1)CARE AA; Stable (07-Mar-19) 2)CARE AA; Stable (06-Apr-18)

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple
3	Term Loan-Long Term	Simple

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Contact us**Media Contact**

Name: Mr. Mradul Mishra

Contact no.: +91-22-6754 3596

Email ID: mradul.mishra@careedge.in

Analyst Contact

Group Head Name: Mr. Hitesh Avachat

Group Head Contact no.: +91-90048 60007

Group Head Email ID: hitesh.avachat@careedge.in

Relationship Contact

Name: Mr. Saikat Roy

Contact no.: +91-98209 98779

Email ID: saikat.roy@careedge.in

About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careedge.in**