

## The Bombay Dyeing & Manufacturing Co. Limited

March 05, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	-	-	Reaffirmed at CARE BBB+; Stable and Withdrawn
Short-term bank facilities	-	-	Reaffirmed at CARE A2+ and Withdrawn
Fixed deposit	-	-	Reaffirmed at CARE BBB+; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed and withdrawn outstanding ratings of 'CARE BBB+; Outlook: Stable/ CARE A2+' [Triple B Plus; Outlook: Stable/ A Two Plus] assigned to the bank facilities (of Bank of Baroda) and Fixed Deposit with immediate effect. The above action has been taken at the request of The Bombay Dyeing & Manufacturing Corporation Limited (BDMCL), the 'No Objection Certificate' received from the bank that have extended the facilities, and the 'Statutory Auditor Certificate' from the auditor (Bansi S. Mehta & Co.) for Fixed Deposits stating that the company has sufficient balance in their designated bank (escrow) accounts for the payment of unclaimed public deposits and unpaid interest. This is in line with CARE's policy on withdrawal of ratings.

#### Analytical approach: Consolidated

CARE Ratings has taken a consolidated approach in analysing the financials of BDMCL. The list of companies which have been consolidated is presented in Annexure 6. CARE Ratings has taken consolidated approach owing to high degree of financial, managerial, and business linkages between the entities. CARE Ratings has also applied group support factor, based on the ability and willingness of the Wadia group to support its group company.

#### Detailed description of the key rating drivers:

#### Key strengths

##### Belongs to an established promoter group which has been extending continuous financial support

BDMCL is a part of the Wadia group which has presence across textile, real estate, aviation, fast moving consumer goods (FMCG), engineering and healthcare. BDMCL has a long track record in polyester staple fibre (PSF) industry, a growing presence in real estate in the Mumbai Metropolitan Region (MMR) region and a well-recognized brand name in the home textiles industry. BDMCL is headed by Chairman Mr. Nusli N. Wadia, and his son Mr. Ness Wadia is also a Promoter Director in BDMCL. He is the MD of Bombay Burmah Trading Corporation Ltd, a company which has holdings in most of the Wadia group subsidiaries. The promoter group has demonstrated a long track record of continuously supporting BDMCL financially.

##### Improvement in profitability due to land monetization deal

For FY23, BDMCL has reported total income (including other income) of ₹2,776.13 crore compared to total income of ₹2,106 crore for FY22, registering a y-o-y growth of 32%. The growth was driven by real estate division which continued to demonstrate good sales velocity. The PSF division's revenue grew at a comparatively slower pace of 8% y-o-y, in light of headwinds in overseas downstream segments and volatility in input prices. In the real estate division, there was a write down of inventories to net realisable value by ₹147.25 crore during the year ended March 31, 2023, which impacted the earnings before interest, depreciation, tax and amortisation (EBIDTA) and widened the profit after tax (PAT) losses. High interest burden continued to render BDMCL loss making at gross cash accrual (GCA) level. Land monetization was accounted for in 9MFY24, helping the company repay its debt and signalling a promising turnaround in profitability at the PAT level and further, the company is also expected to generate cashflows from the new real estate project in future years. Factors such as premium location of property in MMR and brand name of developer continue to remain attractive factors for prospective investors and is also expected launch to a new real estate project in Dadar to create about 3.5 million square feet of residential / commercial property.

##### Significant improvement in financial risk profile in FY24

With the monetization of the WIC Worli land for approximately ₹5,200 crore, the company realized a profit on the sale of land at Worli to Goisu Realty Private Ltd., a subsidiary of Sumitomo Realty & Development Company Limited. Utilizing the proceeds from Phase-I of the transaction, the company prepaid borrowings amounting to ₹ 3,324.32 crore, making it net debt-free and resulting

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

in a significant improvement in its capital structure and debt coverage metrics. The company has surplus funds exceeding ₹1,000 crore. The company aims to make investments and enter into joint ventures to secure future revenue and profits with launch of new projects.

### Key weaknesses

#### Exposed to competition, inherent cyclicality in textile & real estate industries

The textile industry is cyclical in nature and is sensitive to general economic conditions and factors such as consumer demand, inflation, disposable income levels and demographic trends. Real estate is cyclical and tends to follow a pattern where the market goes up and down. It tends to follow general economic trends since real estate is a major economic driver. The demand for real estate is heavily influenced by economic factors, with a traditionally outweighed supply.

#### Liquidity: Strong

With monetisation of Worli land for around ₹5,200 crore, the profit on the sale of land at Worli in Phase I amounts to ₹3,883.30 crore. From the sale proceeds of Phase-I of the Transaction, the company has prepaid borrowings of ₹ 3,324.32 crore. The sale consideration for Phase-II of the Transaction is ₹537.78 crore and will be received upon completion of certain conditions by the company and execution and consummation of the definitive agreements thereto for Phase-II. The company has surplus funds exceeding ₹1,000 crore. The company also has huge land bank in Dadar which has potential to be monetized/developed over the years. The company has pending receivables from sold residential flats which also provides support to liquidity.

### Environment, social, and governance (ESG) risks

Particulars	Risk factors
Environmental	<ul style="list-style-type: none"> <li>The PSF operation of the company is investing in efficient technologies to reduce its impact on the environment. Some are specific areas where research &amp; development (R&amp;D) is carried out by the company.</li> <li>Installation of energy-efficient compressor.</li> <li>Draw line up gradation of CINAMICS Drives &amp; PLC.</li> <li>Hardware procurement for new product development.</li> <li>Provision of high-pressure compressed air in spinning.</li> <li>New energy-efficient pump for cooling tower.</li> <li>Additional ducting facility for rainwater harvesting.</li> <li>Modified heating coil for AHU system.</li> <li>PTA conveying compressor up gradation with modified internals.</li> <li>Spare VFD for energy-efficient chiller.</li> <li>Up gradation of Cooling Tower cell to improve energy efficiency</li> </ul>
Social	<ul style="list-style-type: none"> <li>Company through its CSR Activities as and when applicable contributes to various social causes like child health care / natural calamities.</li> <li>Bombay Dyeing has been working for education, health &amp; nutrition, sanitation, and wellbeing of marginalized sections of the society.</li> <li>Over the years, Bombay Dyeing's continuous efforts have resulted in better education, better health, better employment, better infrastructure, and better sanitation for the local communities, in addition, the Wadia group has a community hospital that provides medical services that improve people's quality of life.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Governance risk discussed regarding ongoing proceedings with the Securities and Exchange Board Of India (SEBI).</li> </ul>

### Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

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[Rating methodology for Real estate sector](#)

[Policy on Withdrawal of Ratings](#)

## About the company and industry

### Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Consumer discretionary	Textiles	Textiles & Apparels	Other textile products

Bombay Dyeing and Manufacturing Company Limited (BDMCL, part of the Wadia group, was incorporated on August 23, 1879. It originated as an integrated textile mill; however, it is currently engaged primarily in the business of real estate development, Polyester Staple Fibre (PSF and textile retail. BDMCL is a public company limited by shares, incorporated, and domiciled in India and is listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

Brief Financials (₹ crore) Consolidated	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24(UA)
Total operating income*	2,106	2,776.13	1,347.84
PBILDT	22	67.71	34.65
PAT	(460)	(517)	2,882.17
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	NM	NM	NM

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Please refer to 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:** Please refer to Annexure-4

**Lender details:** Please refer to Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fixed Deposit		-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Letter of credit		-	-	-	0.00	Withdrawn

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fixed Deposit	LT	-	-	1)CARE BBB+; Stable (11-Dec-23) 2)CARE BBB-; Negative (15-May-23)	1)CARE BBB; Stable (12-Jan-23)	-	-
2	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (11-Dec-23) 2)CARE BBB-; Negative (15-May-23)	1)CARE BBB; Stable (12-Jan-23)	-	-
3	Non-fund-based - ST-Letter of credit	ST	-	-	1)CARE A2+ (11-Dec-23) 2)CARE A3 (15-May-23)	1)CARE A3+ (12-Jan-23)	-	-
4	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BBB+; Stable (11-Dec-23) 2)CARE BBB-; Negative (15-May-23)	1)CARE BBB; Stable (12-Jan-23)	-	-

\*Long term/Short term.

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fixed Deposit	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Non-fund-based - ST-Letter of credit	Simple

**Annexure-5: Lender details**To view the lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of all the entities consolidated**

SI	Name of Entity	% holding as on March 31, 2023	Relationship
1	Pentafil Textile Dealers Limited	49%	Associate
2	Bombay Dyeing Real Estate Company Limited	40%	Associate
3	P.T Five Star Textiles, Indonesia	97.36%	Subsidiary

**Note on the complexity levels of the rated instruments:** CARE Ratings 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](mailto:care@careedge.in) for any clarifications.

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**About us:**

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