

The Bombay Burmah Trading Corporation Limited

April 05, 2017

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term fund based bank limits	80.00	CARE AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Short-term non-fund/fund based bank limits	50.00	CARE A1+ [A One Plus]	Reaffirmed
Total	130.00 (Rupees One Hundred and thirty crore only)		

Details of instruments/facilities in Anneuxre-1

Detailed Rationale & Key Rating Drivers

The reaffirmation of ratings assigned to bank facilities of The Bombay Burmah Trading Corporation Limited (BBTCL) continues to derive strength from reputed and well established promoter group, well established presence in diversified businesses, BBTCL's strategic importance for promoter group (being holding company of the various group companies) having equity investments in major companies of the group like Britannia Industries Limited (BIL) and The Bombay Dyeing & Manufacturing Company Limited (BMCL) that have significant market value, and monetization of real estate assets towards reduction of debt.

However, the rating strengths continue to be partially offset by moderation in operational performance resulting in moderate financial risk profile in FY16 (refers to period April 01, to March 31,) and 9MFY17 (April 01 to December 31,).

Any large debt fund 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.

Detailed description of the key rating drivers

Key Rating Strengths

Reputed and well established promoter group

BBTCL (CIN L99999MH1863PLC000002) is part of the Wadia Group and has been in existence for over 150 years. The Wadia group, founded in the year 1736 by Mr. Loeji 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 & BMCL) with strong credit profile

BBTCL is the investing arm of the group and holds investments in many group companies including BIL (50.75% stake) and BDML (14.69% stake). The investments have significant market value.

Well established presence in diversified businesses

BBTCL at 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, fairly diversified, mitigating the risk and volatility from any one particular business segment.

Monetisation of real estate assets and refinancing

In order to improve overall financial risk profile, the company plans to monetize real estate assets of the company. The proceeds would be utilised towards reduction of term debt. Further, the company proposes to refinance its existing term debts with long-term Non-Convertible Debenture issue, thereby reducing the annual debt servicing obligations.

Key Rating Weakness

Moderate financial risk profile

With moderation in operational performance in FY16, the debt coverage indicators and financial risk profile of the company weakened as compared to FY15. Overall gearing ratio increased from 1.41 times at end-FY15 to 1.57 times at end-FY16 on account of lower net worth level due to net loss. Further, there has been moderation in 9MFY17 too.

Analytical approach: Standalone

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Applicable Criteria[CARE's criteria on assigning Outlook to Credit Ratings](#)[CARE's policy on Default Recognition](#)[Factoring Linkages in Ratings](#)[CARE's methodology for Short-term Instruments](#)[Financial ratios – Non-Financial Sector](#)[CARE's methodology for 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 Uttarkhand and 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.

At Standalone level, the company reported loss of Rs. 33.14 crore on Total operating Income (TOI) of Rs. 265.31 crore in FY16 (refers to period April 01 to March 31,) as compared to Profit After Tax (PAT) of Rs. 7.03 crore on TOI of Rs. 274.26 crore in FY15. Further, the company reported net loss of Rs. 8.26 crore on TOI of Rs. 237.21 crore in 9MFY17 (refers to period April 01 to December 31) as compared to net loss of Rs. 16.46 crore on TOI of Rs. 184.32 crore in 9MFY16.

A consolidated level the company report PAT of Rs. 777.92 crore on TOI of Rs. 9,158.32 crore in FY16 as compared to PAT of Rs. 696 crore on TOI of Rs. 8,297.10 crore in FY15.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo 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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - ST-Working Capital Demand loan	-	-	7 to 365 days	39.00	CARE A1+
Fund-based - ST-Working Capital Demand loan	-	-	-	10.00	CARE A1+
Non-fund-based - ST-BG/LC	-	-	-	1.00	CARE A1+
Term Loan-Long Term	-	-	September, 2020	80.00	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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - ST-Working Capital Demand loan	ST	39.00	CARE A1+	-	-	1)CARE A1+ (20-Aug-15)	1)CARE A1+ (17-Nov-14)
2.	Fund-based - ST-Working Capital Demand loan	ST	10.00	CARE A1+	-	-	1)CARE A1+ (20-Aug-15)	1)CARE A1+ (17-Nov-14)
3.	Non-fund-based - ST-BG/LC	ST	1.00	CARE A1+	-	-	1)CARE A1+ (20-Aug-15)	1)CARE A1+ (17-Nov-14)
4.	Term Loan-Long Term	LT	80.00	CARE AA; Stable	-	-	1)CARE AA (20-Aug-15)	1)CARE AA (02-Feb-15) 2)CARE AA (17-Nov-14)

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