

3rd November, 2020

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 500020

National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor,
Plot No.C/1, 'G' Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Symbol: BOMDYEING

Dear Sirs,

SUB: REVISION IN RATINGS BY BRICKWORK RATINGS INDIA PVT. LTD.

REF: REGULATION 30 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Brickwork Ratings downgrades the ratings for Bank Loan Facilities and Fixed Deposit instruments and also withdraws rating for the bank loan facility amounting to Rs. 29.55 Cr of The Bombay Dyeing and Manufacturing Company Limited.

Particulars.

Facility	Previous Amount (₹ Cr)	Present Amount (₹ Cr)	Previous Rating (June 2020)	Present Rating (October 2020)
Fund Based – Bank Facility	170.00	170.00	BWR A - Negative	BWR BBB+ Negative
Fund Based LAP	29.55	29.55	BWR A - Negative	Rating Withdrawn-on full repayment.
Fund Based LRD	80.0	80.0	BWR A - Negative	BWR BBB+ Negative
Fund Based. Fixed Deposit	0.81	0.81	BWR FA - Negative.	BWR F BBB+ Negative
Non Fund Based	450.0	450.0	BWR A2+	BWR A2
Total	730.36	730.36	Rupees Seven Hundred Thirty Crores and Thirty Six Lakhs Only/-	

Rating Rationale issued by the Brickword Ratings India Pvt. Ltd. is enclosed for your reference.

You are requested to take the same on record.

Yours faithfully,
For **The Bombay Dyeing and Manufacturing Company Limited**

Sanjive Arora
Company Secretary

CC: National Securities Depository Ltd.,
Trade World, 4th Floor, Kamala Mills Compound,

S. Bapat Marg, Lower Parel,
Mumbai - 400 013.

Central Depository Services (India) Ltd.,
Phiroze Jeejeebhoy Towers, 16th Floor,
Dalal Street,
Mumbai- 400 023

Bourse de Luxembourg,
Societe de La Bourse de Luxembourg,
Societe Anonyme, R. C. 36222,
BP 165, L- 2011,
Luxembourg.

Citibank N.A.,
DR Account Management,
Citigroup Corporate & Investment Bank,
14th Floor, 388, Greenwich Street,
Newyork, NY (USA) 10013.

M/s KFin Technologies Pvt. Ltd.
Selenium Building, Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032



Rating Rationale

The Bombay Dyeing and Manufacturing Company Limited

2 November 2020

Brickwork Ratings downgrades the ratings for Bank Loan Facilities and Fixed Deposit instruments and also withdraws rating for the bank loan facility amounting to Rs. 29.55 Cr of The Bombay Dyeing and Manufacturing Company Limited. The outlook continues to remain negative.

Particulars.

Facility **	Previous Amount (₹ Cr)	Present Amount# (₹ Cr)	Previous Rating (June 2020)	Present Rating* (October 2020)
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Total	730.36	730.36	Rupees Seven Hundred Thirty Crores and Thirty Six 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.

Amount being withdrawn on full repayment.

Rating Action: 1) Downgrade in ratings for the bank loan facilities to BWR BBB+ (Negative) from BWR A- (Negative). 2) Rating Withdrawal for the bank loan facilities amounting to Rs. 29.55 Cr on account of full repayment. 3) Downgrade in rating for Fixed Deposit instrument to BWR FBBB+ (Negative) from BWR A- (Negative)

The downgrade in rating factors in continued weak financial performance for H1FY21as reflected from low earning, reported loss at EBITDA Level and non-achievement of the expected operating cash flows, high debt levels as against reduction of the same as envisaged earlier by the company, continued high leverage, deteriorated debt coverage ratio and uncertainties of operating cash flows leading to planned restructuring of debt.



The ratings continue to factor in the completed status of the project with low execution risk, receipt of a part occupation certificate (OC) for the project, 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 BOD, with the majority five 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 cyclical nature 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.

BDMC has availed benefits granted by Reserve Bank of India for reliefs under various RBI circulars including the moratorium on its debt repayment. The Company has informed that they have applied for restructuring of debt as per the RBI circular dated 6th August 2020 regarding resolution framework for Covid-19 related stress for the debt availed from Indiabulls Housing Finance Limited and DHFL. Consequently, the company is not servicing the interest component on the debt. The repayment of this debt is from Q2FY22 onwards. Both these facilities are not rated by BWR.

Outlook: The rating outlook continues to remain negative on account of uncertainties associated with respect to financials performance and cash flows from operations and non-reduction of debt as envisaged earlier by the company.

Key Rating Driver.

Credit Risk.

Continued Weak Financials Performance.

The total operating income for H1FY21 stood at Rs. 308.25 Cr and reported loss at both the EBITDA levels of Rs. 50.03 Cr and net levels of Rs. 219.79 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. 4155.17 Cr as on 30 September 2020 as against debt reduction envisaged by the company earlier against the net worth of Rs. 130.59 Cr as on September 2020. The majority of the debt is scheduled for repayment from Q2FY22 onwards and there are uncertainties associated with respect to operational cash flows. The company had earlier indicated reduction of debt through cash flows from real estate division and monetization of land bank however; the same was not achieved as per the plans.

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. The real estate market has been witnessing a slowdown in the recent past.

Exposed to inherent cyclical nature in real estate industry

The cyclical nature of the industry, coupled with subdued demand, puts pressure on sales realizations and consequently the cash flows.



Liquidity Profile- Stretched. The company has indicated liquidity in the form of listed Equity shares of Bombay Burmah Trading Corporation Limited and National Peroxide Limited amounting to Rs. 600 Cr which is also subject to market volatility.

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 Centre 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 expected to be received by September 2020 is further delayed and expected to be received by December 2020.

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 five independent directors, headed by Chairman Mr. Nusli N Wadia.

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.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has taken a consolidated approach for the rating 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.

About the Project: Island City Centre

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 of 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 was expected to be received by September 2020 which has been delayed and now is expected to be received by December 2020. The total units in the project are 530 of which 278 has been sold and the balance to be received from sold inventories is Rs. 652 Cr. The unsold inventory in both towers is 273 and expected valuation is of ~Rs. 2082 Cr.

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 53.06%, and the balance is a public shareholding of 46.94%

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 March 2019	31-Mar-20
Particulars (Rs in Crs)	Audited	Audited
Total Operating Income	4429.76	1894.62
OPBDIT	1711.17	327.82
PAT (Loss)	1228.21	327.81
Net Worth	182.47	59.72
Total Debt	3971.41	4147.46
ISCR (times)	3.49	0.59
DSCR (times)	3.09	1.58

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)	2020 October	2020	2019	2018	2017
1	FB-Term Loan Working Capital	LT	29.55 170.00	BWR BBB+ Negative	BWR A Stable March -2020	BWR A Stable	BWR BBB+	BWR BBB+
					BWR A- Negative June-2020			
2	FB - Fixed Deposit	LT	0.81	BWR FBBB+ Negative	BWR FA Stable March- 2020	BWR FA Stable	BWR FBBB+	BWR FBBB+
					BWR FA- Negative June – 2020			
3	NFB- LC/ BG	ST	450.0	BWR A2	BWR A2+ March/June 2020	BWR A2+	BWR A3+	BWR A3+
4	LRD	LT	80.0	BWR BBB+ Negative	BWR A- Negative June- 2020.	-	-	-
Total			730.36	Rupees Seven Hundred Thirty Crores and Thirty Six Lakhs Only/-				

Hyperlink/Reference to applicable Criteria

- [General Criteria.](#)
- [Approach to Financial Ratios.](#)
- [Service Sector.](#)
- [Short Term Debt.](#)

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

Analytical Contacts	
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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	
Kotak Mahindra Bank (The facility has been fully repaid)	29.55
ICICI Bank	80.0
Cash Credit/ OD	
Kotak Mahindra Bank	120
Bank of Baroda	50
Total Fund Based - A	279.55
Non Fund Based	
LC/BG	
Bank of Baroda	450
Total Non Fund Based - (B)	450
Total Bank Limits (A+B)	729.55



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