

Date: December 4, 2023

BSE Ltd.
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: RATINGS BY CRISIL LIMITED

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

CRISIL Limited has assigned its ratings to the bank facilities of The Bombay Dyeing and Manufacturing Company Limited as follows:

Rating Action

Total Bank Loan Facilities Rated	Rs.501 Crore
Long Term Rating	CRISIL BBB+/Stable (Assigned)
Short Term Rating	CRISIL A2+ (Assigned)

Rating Rationale issued by the CRISIL Limited 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
Membership No.: F3814
Encl: as above

C.C. National Securities Depository Ltd.,
Trade World, 4th floor, Kamala Mills Compound,
S. Bapat Marg, Lower Parel,
Mumbai-400013.

Central Depository Services (India) Ltd.,
Marathon Futurex, A Wing, 25th Floor
N. M. Joshi Marg, Lower Parel
Mumbai- 400 013

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,
New York, NY (USA) 10013.

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

Rating Rationale

December 04, 2023 | Mumbai

The Bombay Dyeing and Manufacturing Company Limited

'CRISIL BBB+/Stable/CRISIL A2+' assigned to Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.501 Crore
Long Term Rating	CRISIL BBB+/Stable (Assigned)
Short Term Rating	CRISIL A2+ (Assigned)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its 'CRISIL BBB+/Stable/CRISIL A2+' ratings to the bank facilities of The Bombay Dyeing and Manufacturing Company Limited (BDAMCL).

The rating reflects the group's Established Presence, strong market position in the polyester staple (PSF) segment, healthy track record of booking progress in existing real estate projects, and strong financial risk profile. These strengths are partially offset by its susceptibility to volatility in raw material prices and forex fluctuations, and exposure to cyclicity inherent in the Indian real estate industry.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has combined the business and financial risk profiles of BDAMCL along with its 97.36% owned subsidiary, P.T Five Star Textiles, Indonesia (PT Five).

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- Established presence:** BDAMCL is promoted by Wadia Group which commenced its operations in pre-independence era in 1879, one of the oldest conglomerates in India with presence in several diversified industries, including FMCG, real estate, textiles, chemicals, and food processing. BDAMCL has three business divisions viz, real estate division, polyester staple fibre division (manufacture of 100% virgin polyester staple fibre & textile grade PET Chips) and retail division. The company has around 140 years of experience in the textile and real estate business. Further, the promoters and management team is well qualified and experienced in this business. This has given them an understanding of the dynamics of the market and enabled them to establish relationships with suppliers and customers across segments.
- Healthy track record in existing projects and continued focus on real estate segment:** The real estate division of BDAMCL has completed two major real estate projects in Mumbai including the Island City Centre (ICC) residential project and WIC Worli - Axis Bank HQ (Commercial Tower). In addition, the company has increased its focus on the real estate segment over the past two years and has also brought in new management with extensive experience in the real estate sector. As a result, the company sold more than 95% of the units in its existing projects (ICC I and II) with pending inventory of just 3-4 units, leading to strong sales in fiscal 2023 and first half of fiscal 2024. The healthy sales velocity indicates the strong demand in the market given the strong brand and premium nature of the project. The strong track record of the initial phase at ICC and portfolio of owned assets should limit the implementation risks of the next phase of the project leading to timely execution and help the company sustain high profitability.
- Established market position in the PSF segment:** BDAMCL is an established player in the PSF segment with significant market share of around 12%, catering to diverse end markets. Key end markets include apparel and home textile, automobiles, geotextiles, hygiene products and industrial products. The company further benefits from established relationships with key customers and suppliers in this segment which ensures repeat orders. With capacity utilization upwards of 90%, overall net revenues have remained in the range of Rs 1548-1670 crores over the past 2 years from this segment. Established customer relationships ensuring repeat orders and strong market position should continue to support the business risk profile of the company.
- Healthy financial risk profile:** With the recent sale of its land parcel at Worli, BDAMCL has received ~ Rs. 4,686 Cr from the buyer as per first tranche and company expects the second and final tranche of proceeds of ~Rs.525 Cr in Q4FY24. The profit from sale of land will result in healthy improvement of networth by the end of fiscal 2024. Furthermore, the proceeds from first tranche was used towards prepayment of term loans to the tune of Rs 3350 crores

and is expected to pay off pending debt obligations (including inter corporate deposits from non-group companies) by December 2023. Management's stance on remaining debt averse should support the comfortable capital structure over the medium term. The capital structure is expected to remain comfortable with articulation by management of maintaining gearing below 0.2 times over the medium term.

Debt protection metrics are expected to be healthy in second half of fiscal 2024 and in fiscal 2025 as the entire debt (except few market ICDs) has been prepaid and the remaining debt will be closed by December 2023. Company is expected to maintain strong debt protection metrics over the medium term supported by healthy accruals and no major debt plans.

Weakness:

- **Susceptibility to volatility in raw material prices and forex:** The entities in the textile manmade segment have limited price negotiation capability with their suppliers due to high dependence on them. Prices of raw materials as well as energy costs, the two major input costs for the PSF division are significantly dependent on crude oil prices. Changes in oil prices could lead to an impact on margins and profitability. Therefore, margins are susceptible to variations in raw material prices, as reflected in its fluctuating operating margin. Also, exports account for 36% of the revenues in the PSF division. Thus, fluctuations in the value of the rupee against the US dollar may affect realizations and margins of the entities in the segment.
- **Exposure to cyclical inherent in the Indian real estate industry:** The real estate sector in India is cyclical and affected by volatile prices, opaque transactions, and a highly fragmented market structure. Hence, the business risk profile will remain susceptible to risks arising from any industry slowdown.

Liquidity: Strong

The company has built strong liquidity with the sale of Worli land leading to surplus liquid investments of about Rs 1250 crores as on date, which is sufficient for the remaining debt payment of around Rs 200 crores (expected to be repaid by Dec 2023). Further, cash accruals are expected to be healthy against nil debt obligations in fiscal 2025. CRISIL Ratings expects about Rs.700 - 800 crore funds to be maintained free of any encumbrances by the company over the medium term. The same should be further supported by customer advances of the upcoming real estate projects.

Low gearing and healthy net worth support its flexibility and provides the financial cushion available in case of any adverse conditions or downturn in the business.

Outlook: Stable

CRISIL Ratings believe the group will continue to benefit from the established presence, and established relationships with clients.

Rating Sensitivity factors

Upward factor

- Significant and sustained improvement in operating profitability leading to higher net cash accruals of above Rs. 85 crores, mainly driven by PSF segment.
- Timely launch of new projects and higher customer advances leading to substantial cash flow from operations.
- Sustenance of financial risk profile and liquidity surplus.

Downward factor

- Low cash flow from operations because of subdued response to, or delay in execution/launch of upcoming project weakening the business risk profile.
- Significant weakness in profitability or higher than expected debt levels leading interest coverage below 3 times from fiscal 2025 onwards.
- Any large cash outflows in form of capex, dividends or group support depleting the liquidity surplus from expected levels.

About the Company

BDAMCL is a flagship company of Wadia Group and was incorporated in August 1879 by Mr. Nowrosjee Wadia. BDAMCL is engaged in three business divisions, i.e., manufacturing polyester staple fiber (PSF), real estate and textile retail business. BDAMCL is listed at BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE).

Currently, the Company is headed by Mr. Nusli N. Wadia as a Chairman and Mr. Ness N. Wadia is a Director on the Board of the Company, along with a team of professionals. In addition PT Five currently has no operations.

Key Financial Indicators

As on/for the period ended March 31	Unit	2023	2022
Operating income	Rs.Crore	2649.03	1982.93
Reported profit after tax	Rs.Crore	-516	-460
PAT margins	%	-19.50	-23.21
Adjusted Debt/Adjusted Networkth	Times	-2.86	-5.86
Interest coverage	Times	0.11	0.51

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs.Crore)	Complexity Level	Rating assigned with outlook
NA	Cash Credit	NA	NA	NA	50	NA	CRISIL BBB+/Stable
NA	Non-Fund Based Limit	NA	NA	NA	450	NA	CRISIL A2+
NA	Proposed Working Capital Facility	NA	NA	NA	1	NA	CRISIL BBB+/Stable

Annexure - List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
The Bombay Dyeing and Manufacturing Company Limited	Full	Parent Company
P.T Five Star Textiles, Indonesia (PT Five)	Full	Subsidiary Company (97.36%)

Annexure - Rating History for last 3 Years

Instrument	Current			2023 (History)		2022		2021		2020		Start of 2020
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	51.0	CRISIL BBB+/Stable		--		--		--		--	--
Non-Fund Based Facilities	ST	450.0	CRISIL A2+		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	50	Bank of Baroda	CRISIL BBB+/Stable
Non-Fund Based Limit	450	Bank of Baroda	CRISIL A2+
Proposed Working Capital Facility	1	Not Applicable	CRISIL BBB+/Stable

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufacturing and service sector companies
The Rating Process
CRISILs Rating criteria for Real Estate Developers
CRISILs Criteria for Consolidation

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