

Bombay Dyeing

₹ 263

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Aug 24, 2018

Company Background

Bombay Dyeing and Manufacturing Co. Ltd, established on 23rd August, 1879 is the flagship company of the Wadia Group. It is engaged primarily in the business of Real Estate, Polyester Staple Fibre and Retail-Textiles. It is one of the earliest of the Wadia Group Companies to have been listed on the Bombay Stock Exchange. Under Home Textiles it offers Single Bed, Double Bed, King Size Bed, Bath Towel, Hand Towel, Face Towel, Towel Sets, Bathrobe, Dohar, Duvet Cover, Blankets, Comforters and Diwan Set. Its offerings include Snow White, Tulip, Santino, Reverie, Super Ultrix, Honeycomb, Floral Fiesta, Cardinal, Eternia, Spree, Rasso and Joanna. Company has two plants, one for textile processing at pune and another one is for Polyester Staple Fibre located in Maharashtra. It has two Associates and one Joint Venture companies. Pentafil Textile Dealers Ltd & Bombay Dyeing Real Estate Co. Ltd are associates and PT Five Star Textile Indonesia is a Joint Venture. It has entered into a Technical Services contract with P.T. Five Star Industries Ltd. Archway Investment Co. Pvt.Ltd became a wholly owned subsidiary of the company during the incorporation year itself. Now it amalgamated with the company during the FY 2017.

Key Highlights

- ➔ Company has three business activities namely Polyester Staple Fibre, Home Textiles and Real Estate with revenue contributions of 46.49%, 9.58% and 43.93% respectively for FY 2018. Polyester Staple Fibre (PSF) is the major revenue generating activity.
- ➔ It has entered in a strategic deal to wind up losses with its Joint Venture (PT. Five Star Textile Indonesia) to acquire additional 52.11% of paid up capital, by this additional acquiring it will hold 86% of share holding.
- ➔ In Q2 FY 2019, company plans to launch readymade shirts for men, which will be launched firstly with the company exclusive outlets and then with Multi Brand Outlets across the country. It will push up it's top & bottom line items.
- ➔ It is one of the 6 producers of PSF in the country with a market share of 15%. Company is in 2nd place in PSF production in India, export volume increased by 5 % over previous year.

Key Financials

Year Ended 31 st	Mar 16	Mar 17	Mar 18
Revenue (INR mn)	19,837.2	21,099.5	27,440.0
Rev. growth (%)	(22.71)	6.36	30.05
EBITDA (INR mn)	2,313.1	2,814.4	4,795.8
Net profit (INR mn)	(852.4)	(1,482.4)	344.1
Shares outstanding (mn)	206.6	206.6	206.6
EPS (INR)	0.0	0.0	1.7
EPS growth (%)	(100.00)	0.00	0.00
P/E (x)	0.00	0.00	143.32
RONW (%)	(20.02)	0.00	23.67
ROCE (%)	7.81	0.00	17.48

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Info Codes

Reuters	: BLYN.BO
Bloomberg	: BD IN
NSE	: BOMDYEING
BSE	: 500020

Market Data

52 Wk Range (₹)	: 80/322
Shares in Issue (mn)	: 206.6
Market. Cap (bn)	: 54.49
BSE 2 Wk Avg Vol	: 43000

Share Holding Pattern (%)

Promoters Holding	: 53.68
Public & Others	: 26.81
Corporate Holding	: 11.07
Foreign Institution	: 03.88
Institutions	: 04.56
Govt Holding	: 00.00

Investment Theme

Polyester Staple Fibre is produced directly from Purified Terephthalic Acid and Mono Ethylene Glycol. Demand for PSF is mainly influenced by the comparative prices of cotton and PSF, and their relative availability. Rising demand for recycled PSF is one of the major growth drivers in the global market. Company has diversified into PSF, Textile and Realty, for FY 2018 it has revenues ₹ 1,252 cr, ₹ 258 cr and ₹ 1,183 cr respectively. Purified Terephthalic Acid and Mono Ethylene Glycol are primary raw materials. It going to launch new product and new concept like "Make your own bed sheet" in the coming months. By this new product and concept it also expect to increase sales. Apart from this new launching, it going to expand to Tire II & III towns. It will be good for investment with all the positive developments.

A smart investor never goes out of market....!!!

Financial Statements

Income Statement

(₹ mn)

Year end	Mar 16	Mar 17	% Chg	Mar 18	% Chg
Net Sales	18,450.1	19,237.1	4.3	26,623.2	38.4
Other Income	393.8	819.4	108.1	512.5	(37.5)
Change in Stocks	1,520.8	873.4	(42.6)	(120.3)	(113.8)
Raw Material Con.	11,107.0	11,195.8	0.8	11,327.9	1.2
Employee Exp.	1,002.0	1,074.0	7.2	873.1	(18.7)
Indirect Taxes	993.3	1,043.0	5.0	304.3	(70.8)
Other Exp.	4,949.3	4,802.7	(3.0)	9,714.3	102.3
Operating Exp.	18,051.6	18,115.5	0.4	22,219.6	22.7
Operating Profit	2,313.1	2,814.4	21.7	4,795.8	70.4
Total Interest	2,826.4	3,684.5	30.4	4,125.1	12.0
Gross Profit	(513.3)	(870.1)	69.5	670.7	(177.1)
Net Dep.	339.1	316.6	(6.6)	298.8	(5.6)
Total Taxation	0.0	295.7	0.0	27.8	0.0
Net Profit/Loss	(852.4)	(1,482.4)	73.9	344.1	(123.2)

4 Years Balance Sheet

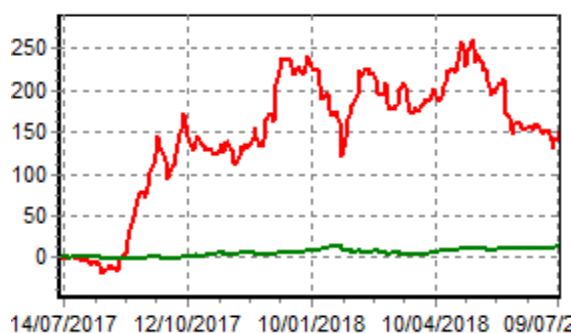
(₹ mn)

Balance Sheet as on 31 st	Mar 15	Mar 16	Mar 17	Mar 18
SOURCES OF FUNDS	33,185.5	37,689.7	29,075.5	33,889.9
Equity Share capital	413.1	413.1	413.1	413.1
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	15,309.7	12,708.1	2,935.7	5,953.4
Secured Loans	15,747.2	24,029.2	17,772.3	22,948.4
Unsecured Loans	1,715.5	539.3	7,954.4	4,575.0
USES OF FUNDS	33,185.5	37,689.7	29,075.5	33,889.9
Gross Block	13,566.7	9,810.1	6,037.8	6,167.0
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	5,187.1	3,907.0	316.6	607.4
Net Block	8,379.6	5,903.1	5,721.2	5,559.6
Capital Work in Progress	745.9	724.1	746.7	740.4
Investments	559.6	559.6	7,733.3	9,502.4
Current Assets	17,961.9	18,270.9	13,729.7	24,270.1
Less : Current Liabilities	6,741.4	6,244.8	7,301.4	6,669.7
Total Net Current Assets	11,220.5	12,026.1	6,428.3	17,600.4
Misc. Expenses not writtenoff	12,279.9	18,476.8	8,446.0	487.1
NOTE				
Book Value of Unquoted Investments	559.6	559.6	12.1	9.0
Market Value of Quoted Investments	0.0	0.0	7,721.0	9,493.4
Contingent Liabilities	2,789.6	1,423.2	6,816.0	3,418.5
Dividend (%)	40.0	25.0	35.0	50.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Sep 17	Dec 17	Mar 18	Jun 18
Net Sales	6,922.0	6,199.3	7,577.6	3,974.6
Cost Of Sales	5,347.8	5,136.2	6,601.4	3,994.8
Operating Profit	1,574.2	1,063.1	976.2	(20.2)
Other Income	151.8	131.5	74.5	128.5
Adjusted PBDIT	1,726.0	1,194.6	1,050.7	108.3
Financial Expenses	1,122.7	1,059.2	926.5	990.4
Depreciation	75.4	73.8	74.7	73.8
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	527.9	61.6	49.5	(955.9)
Tax Charges	0.0	27.8	(60.0)	(18.5)
Reported Profit	527.9	33.8	109.5	(937.4)
Extra Ordinary Items	0.0	0.0	(1,310.5)	(105.7)
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Adjusted Net Profit	527.9	33.8	1,420.0	(831.7)

52 Week Index Relative Percentage Appreciation

Bombay Dyeing vs SENSEX
Risks Associated

- ➔ Prices of raw materials and energy costs are two major input costs for PSF production, hence the profitability of the company is dependent on prices of raw materials and oil. Rupee depreciation also increases the Crude oil price and finally it leads to pressure on margins.
- ➔ Competition increased from two new PSF plants started production, with 12% of existing production in the country may result in pressure on margins due to price undercutting by new entrants.
- ➔ Recently, United States America announced an anti-dumping duty on fine denier polyester staple fiber imports from China and India, it will increase the pressure on PSF industry.

Scope of Growth

- ➔ Company is also planning to launch a unique concept called make your own bed sheet. This is the first time in the world that any company is offering customization of bed sheets to the customers. Customers need to send their design then it design for printing and send it to the customer.
- ➔ It intends to add another 100 franchisee stores in Tier II and Tier III towns. At present, it has 27 own stores, 400 franchise stores and is available in 3,000 multi-brand retail stores and 920 modern trade doors.
- ➔ It is on two major e-commerce platforms. At present those two e-commerce platforms contributing to around 15% of company business. Bombay Dyeing expecting it to grow further.
- ➔ Company signed an agreement with its Joint venture called PT. Five Star Textile Indonesia to acquire a major share to wind up losses of JV. The Joint Venture company manufactures and sells yarn.

Bombay Dyeing

In a Nutshell

Bombay Dyeing is engaged primarily in the business of Real Estate, Polyester Staple Fibre and Retail-Textiles. It has two plants, for textile processing and Polyester Staple Fibre located in Maharashtra. It has two Associates and one Joint Venture companies. Pentafil Textile Dealers Ltd & Bombay Dyeing Real Estate Co. Ltd are associates and PT Five Star Textile Indonesia is a Joint Venture. Bombay Dyeing has plan to acquire major share in P.T. Five Star Industries Ltd, to overcome the losses. End of FY 2017 it entered into an agreement for sale of MIDC land & building and some specific utility machineries at an aggregate value of ₹ 174.45 crore. During the Q2 FY 2018 it sold 48.457 acres of freehold land situated in Pune, Maharashtra for ₹ 13.57 crore. For FY 2019 it plans to launch readymade shirts for men and Make your own bed sheet. Firstly the launching of shirts will be in factory outlets and then Multi Brand Outlets across the India. Price range will be ₹ 499-999. Make your own bed sheet is a new concept in India, it will be a first company with such a new concept. By this new launching company is expecting high revenues. Every season there are new collections which are introduced. This season also there will be 12 new collections of digitally printed bed sheets as well as rotary bed sheets which will be introduced. It is looking expansion of another 100 franchisee stores in Tier II & III towns. At present, it has 27 COCO (company owned, company operated) stores, 400 franchise stores and 3,000 multi-brand retail stores and 920 modern trade doors, besides all the major e-commerce platforms. It is on two major e-commerce platforms, contributing to around 15% of its business.

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Rating Interpretation

Buy : Expected to appreciate 20% or more over 12-months

Accumulate : Expected to appreciate 10% to 20% over 12-months

Trade Buy : Expected to appreciate more than 10% over 45-days

Reduce : Expected to depreciate up to 10% over 12-months

Sell : Expected to depreciate 10% or more over 12-months

Trade Sell : Expected to depreciate more than 10% over 45-days

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