

**Price:** 1,865

**Recommendation:** Buy

**Industry:** Packaged Foods

**Sector:** Fast Moving Consumer Goods

**Report Date:** 01-May-2025

The Bombay Burmah Trading Corporation Limited (BBTCL), established in 1863, is one of India's oldest diversified companies. With interests spanning auto components, healthcare, agriculture, and real estate, BBTCL focuses on operational efficiency and strategic growth. Recent initiatives include divesting underperforming assets, scaling key divisions, and navigating challenges with resilience and transparency.

Sales		Profit & Loss		Profitability Matrix	
Current Year	283 Cr	Operating Profit(Year)	-37.9 Cr	Operating Profit Margin	-13.4 %
Previous Year	245 Cr	Operating Profit(Quarter)	-7.18 Cr	EBITDA Margin	25.44 %
Current Quarter	73.8 Cr	PAT (Year)	-2.17 Cr	Net Profit Margin	-0.83 %
Previous Quarter	72.9 Cr	PAT (Quarter)	119 Cr	EPS	22.6
Revenue (QYoY)	59.8 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	66.3	Sales Growth	11.5 %	Sales Growth	1.23 %
PEG Ratio	4.85	PAT Growth	-101.11 %	Sales Growth QYoY	23.41 %
EV/EBITDA	52.2	EPS Growth	2790.48 %	PAT Growth	-1125.86 %
P/B	70.4	Dividend Yield	0.91	PAT Growth QYoY	-481.41 %
Capital Allocation		Holdings		Leverage	
RoE	-1.08 %	Promoter	74.0 %	Debt/Equity	2.07
RoA	-0.23 %	FII	9.60 %	Debt	383 Cr
RoCE	7.59 %	DII	1.47 %	Market Cap	13014 Cr
RoIC	-83.1 %	Public	14.9 %	Enterprise value	13316 Cr
		No of Shares	6.98 Cr	Cash Equivalents	81.1 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

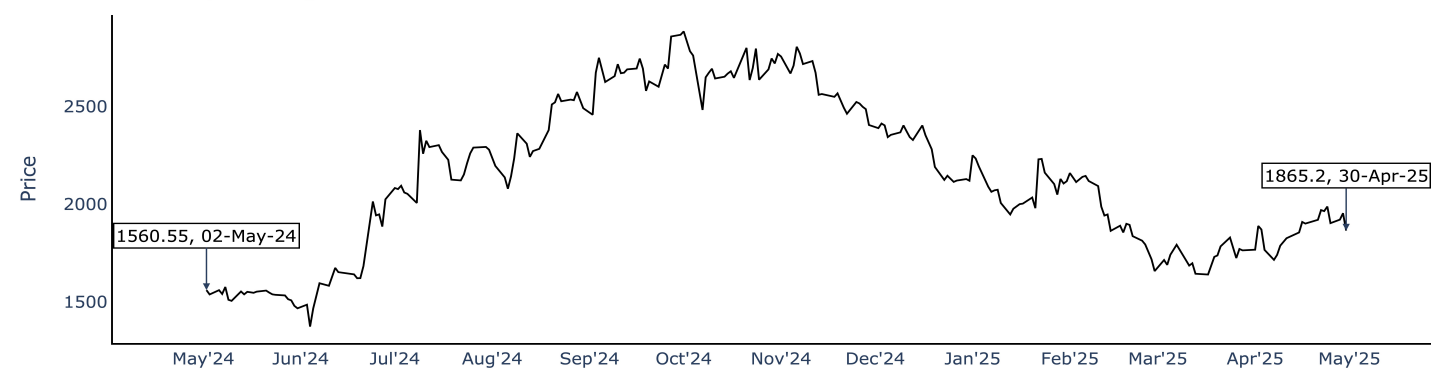
The 158th Annual General Meeting of The Bombay Burmah Trading Corporation Limited (BBTCL) highlighted several initiatives and strategies aimed at strengthening the company's position across its diverse business verticals. The corporation has divested its coffee business for INR 291 crores, a strategic move to reduce overall debt and pay off secured loans. This decision reflects the management's focus on optimizing returns from underperforming assets while leveraging the realizable value of land parcels. Additionally, the auto electric components business, Electro Mags, demonstrated robust growth, with revenue increasing to INR 151.7 crores from INR 133 crores in the previous year. The corporation is capitalizing on the expanding Indian auto components market, driven by rising domestic demand and global exports, with projections indicating substantial growth in the sector by 2026.

BBTCL's healthcare division reported a significant increase in turnover to INR 29.17 crores, up from INR 19.41 crores, attributed to the reopening of dental colleges and clinics post-COVID, improved product mix, and higher alloy prices. The management emphasized the growing demand for dental products, driven by lifestyle changes and increased consumption of processed foods, positioning the company to scale operations in this sector. Despite challenges in tea production due to adverse weather conditions, the corporation maintained steady performance, with tea revenue slightly declining by INR 4 crores. The company's focus on operational efficiency and higher average selling prices for coffee and tea reflects its commitment to sustaining profitability in its agricultural businesses.

The AGM also addressed the financial impact of Go Airlines India Limited, an associate company facing insolvency due to operational disruptions caused by engine supply issues. BBTCL has prudently recognized a provision for impairment of INR 1,865.65 crores in its consolidated financial statements, ensuring transparency and mitigating future liabilities. The management confirmed that pending liabilities related to GoAir would be limited to INR 210 crores in the current year, marking the conclusion of this financial exposure. This proactive approach underscores the corporation's resilience and ability to navigate complex challenges while safeguarding shareholder interests.

Looking ahead, BBTCL is poised to leverage India's economic recovery and global integration to drive growth across its business verticals. The corporation's focus on scaling its auto components and healthcare divisions, coupled with strategic divestments and operational efficiencies, positions it for sustainable expansion. Shareholders expressed confidence in the leadership's ability to steer the company toward new heights, with suggestions to enhance market capitalization through share splits and further diversification. The AGM concluded on a positive note, with members supporting all resolutions and expressing optimism about the company's future prospects under the guidance of its experienced board.

BBTC Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Samvardh. Mothe.	93772.70	22.74	11.80%	-0.52%	7.89%	-0.13%	61.97%
Bosch	86873.52	42.94	15.97%	1.62%	6.19%	-1.39%	4.33%
Uno Minda	51341.73	54.54	18.89%	-1.43%	18.77%	-2.79%	20.21%
Sona BLW Precis.	29913.96	48.71	15.08%	-0.36%	-2.19%	6.91%	11.86%
Exide Inds.	29898.75	37.61	5.93%	7.93%	3.89%	19.17%	1.15%

Aspect	Commentary
Revenue	Revenue grew 11.5% YoY to INR 283 Cr, driven by strong performance in auto components and healthcare. Quarterly revenue rose marginally by 1.23%, reflecting steady operational momentum despite challenges in tea production.
Profit & Loss	The company reported an annual operating loss of INR 37.9 Cr, with a net loss of INR 2.17 Cr. Quarterly PAT showed a sharp decline, reflecting impairment provisions and challenges in underperforming segments.
Profitability Matrix	Operating profit margin stood at -13.4%, reflecting losses in key segments. EBITDA margin of 25.44% indicates potential in core operations, but net profit margin of -0.83% highlights profitability challenges.
Valuation Matrix	Trailing P/E of 66.3 and EV/EBITDA of 52.2 suggest high valuation relative to earnings. A PEG ratio of 4.85 indicates limited growth-adjusted value. Dividend yield of 0.91% offers modest returns to shareholders.
Growth (YoY)	Sales grew 11.5% YoY, driven by healthcare and auto components. PAT declined significantly by 101.11%, reflecting impairment provisions. EPS growth of 2790.48% is due to a low base effect from the prior year.
Growth (QoQ)	Quarterly sales grew 1.23%, reflecting stable performance. PAT declined sharply by 1125.86%, driven by impairment charges. EPS growth QoQ was negative, indicating ongoing profitability challenges.
Capital Allocation	RoE and RoA were negative at -1.08% and -0.23%, respectively, reflecting losses. RoCE of 7.59% indicates operational efficiency in some segments. Cash equivalents of INR 81.1 Cr provide liquidity support.
Holdings	Promoters hold a strong 74% stake, indicating confidence in the business. FII and DII holdings are 9.6% and 1.47%, respectively, with public holding at 14.9%, reflecting a balanced ownership structure.
Leverage	Debt/Equity ratio of 2.07 indicates high leverage. Total debt of INR 383 Cr is significant, but recent divestments aim to reduce this burden. Market cap of INR 13,014 Cr reflects investor confidence despite challenges.

**Analyst viewpoint:** Bombay Burmah Trading Corporation Limited (BBTCL) presents a compelling investment opportunity in the short to mid-term, driven by its strategic focus on operational efficiency and growth in high-potential sectors. The company's auto components division, Electro Mags, has demonstrated robust revenue growth of 14.1% YoY, capitalizing on the expanding domestic and global demand for auto parts. Similarly, the healthcare division has shown remarkable growth, with turnover increasing by 50.3% YoY, supported by favorable market dynamics and improved product mix. The recent divestment of the coffee business for INR 291 crores is a prudent move to reduce debt and optimize returns from underperforming assets, reflecting management's commitment to capital allocation efficiency. While quarterly revenue growth of 1.23% indicates steady operational momentum, the company's focus on scaling key divisions positions it well to leverage India's economic recovery and global integration.

Valuation metrics such as a trailing P/E of 66.3 and EV/EBITDA of 52.2 suggest a premium valuation, supported by strong promoter confidence with a 74% stake and balanced institutional holdings. The company's proactive approach to addressing financial exposure related to Go Airlines India Limited, including impairment provisions, underscores its resilience and transparency. However, profitability challenges persist, with a net loss of INR 2.17 Cr and negative RoE of -1.08%, highlighting areas for improvement. Despite these hurdles, BBTCL's strategic initiatives, coupled with its diversified portfolio and growth potential in auto components and healthcare, make it an attractive buy recommendation for investors seeking exposure to India's evolving consumer and industrial landscape.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

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