

Press Release

The Braithwaite Burn And Jessop Construction Company Limited

March 25, 2022

Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.00	ACUITE A+ Stable Reaffirmed	-
Bank Loan Ratings	62.00	-	ACUITE A1+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	65.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating to '**ACUITE A+**' (read as **ACUITE A plus**) and the short-term rating to '**ACUITE A1+**' (read as **ACUITE A one plus**) on the Rs.65.00 crore bank facilities of The Braithwaite Burn And Jessop Construction Company Limited (TBBJCCL). The outlook is '**Stable**'.

The reaffirmation of ratings takes into account the company being wholly owned undertaking of Government of India, comfortable financial risk profile and adequate liquidity. However, the ratings are underpinned by subdued financial performance and working capital intensive nature of operation.

About the Company

Incorporated in 1935, The Braithwaite Burn and Jessop Construction Company Limited is a wholly owned undertaking of the Government of India (GoI) engaged in the construction of steel bridges for railways and other civil construction works. In addition, TBBJCCL has recently started undertaking construction of Kendriya Vidyalaya Sangathan (KVS) in Odisha, Chhattisgarh, West Bengal and Uttar Pradesh under Project Management Consultancy (PMC) model where TBBJCCL will operate on an asset light model and the project will be subcontracted to the other construction company. TBBJCCL will be responsible for the overall implementation of the project and will earn a commission against the same.

Analytical Approach

Acuite has considered standalone business and financial risk profile of 'The Braithwaite Burn and Jessop Construction Company Limited' and the rating has been notched up considering the Government of India's undertaking

Key Rating Drivers

Strengths

Wholly owned undertaking of Gol

TBBJCL was incorporated in January 1935 for the construction of Howrah bridge over river Hooghly in Kolkata (West Bengal). In 1987 - TBBJCCL became a wholly owned subsidiary of Bharat Bhari Udyog Nigam Limited (BBUNL) which was also a 100 per cent Government company. Later in 2015 TBBJCL was merged with its holding company BBUNL and the name of TBBJCL was maintained. Currently, TBBJCL enjoys a status of 100 per cent government owned company.

TBBJCL over the years has constructed numerous major steel bridges for the Indian Railways like Bramhaputra Bridge in Assam, Mahanadi Bridge in Odisha, Ganga Bridge at Mokemah in Bihar, Krishna Bridge in Andhra Pradesh and many more. In 1992 TBBJCL successfully completed construction of The Second Hooghly Bridge (Vidyasagar Setu, Kolkata), the first long span cable stayed bridge of India.

The company is one of few public sector companies having the technical expertise and ability for successful construction of steel bridges for railways.

Comfortable financial risk profile

The capital structure as represented by debt-equity ratio continues to remain below unity; at 0.33-0.34 times in FY20-21. The interest coverage ratio also improved significantly to 12.93 times in FY21 over 6.67 times in FY20. The increase in net profit resulted in increase in net cash accruals, which further led to improvement in net cash accruals to total debt to 0.18 times in FY21, vis-à-vis 0.05 times in FY20. The total outstanding liability to tangible net worth remains at similar level at 2.42-2.53 times. The debt-EBITDA also improved significantly to 3.96 times in FY21 as against 16.81 times in FY20.

Acuité believes that TBBJCCL will sustain a comfortable financial risk profile in the absence of debt funded capex plans and no long term repayment obligations.

Weaknesses

Subdued Financial Performance in FY21

The company reported total operating income of Rs.71.75 crores in FY21 as against Rs.106.75 crores in FY20, thereby reporting y-o-y de growth of 32.79%. The decline in income is mainly on account of lower work execution due to COVID induced lockdown and delay in site handover. Further, the company reported Rs. 8.83 crores of revenue from project management consultancy in FY20 against that of nil in FY21. Further, the execution of work order is also impeded due to delay in site handover. The company reported operating loss of Rs.14.18 crores in FY21 as against that of Rs.2.67 crores. The same is due to under absorption of fixed overheads. The net profit of BBJ, however increased significantly to Rs.11.68 crores in FY21 over Rs.1.96 crores in FY20. The increase in net profit is mainly attributable to 'other income' of Rs.31.87 crores, of which Rs.26.16 crores pertains to prior period adjustment. The net profit margin of the company increased to 16.28% in FY21 from 1.84% in FY20.

Working capital intensive operations

The inventory days of the company remained at similar level at 180-187 days in FY20-21. The inventory majorly comprises of work in progress. The debtors days improved significantly to 69 days in FY21 as against 123 days in FY20. The same is due to decline in outstanding receivables from Rs.32.65 crores as on March 31, 2020 to Rs. 13.02 crores as on March 31, 2021. The decline in receivables is backed by speedy realization of receivables post unlock. The receivables are realized within 2-3 weeks of submitting the bills. The company also receives credit period of 45 days from its suppliers. The company has sanctioned cash credit limit of Rs. 3.0 crores, however the same is not utilized.

ESG Factors Relevant for Rating

Not Applicable

Rating Sensitivities

- >Stretched working capital cycle and deterioration in liquidity position.
- >Significant growth in operating performance

Material covenants

None

Liquidity Position: Adequate

The liquidity profile of the company continues to remain at adequate level with net cash accruals of Rs. 12.61 crores in absence of any debt repayment obligation. The company also maintained cash and bank balance of Rs.1.55 crores as on March 31, 2021. The current ratio of the company continues to remain above unity at 1.31 times as on March 31, 2021. The company has been undertaking capex for less than Rs.1.0 crore, out of net cash accruals. The company has also been maintaining deposits with banks to the tune of Rs.115.82 crores as on March 31, 2021.

Outlook: Stable

Acuité believes that TBBJCCL will maintain a stable outlook in the medium term on the back of the support of the Government of India, established track record of project execution and relations with reputed clients. The outlook may be revised to 'Positive' in case of significant and sustainable growth in revenue while maintaining operating margins and efficiently managing its working capital cycle.

Conversely, the outlook may be revised to 'Negative' in case of a sharp decline in net cash accruals and significant elongation of working capital cycle.

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	71.75	106.75
PAT	Rs. Cr.	11.68	1.96
PAT Margin	(%)	16.28	1.84
Total Debt/Tangible Net Worth	Times	0.33	0.34
PBDIT/Interest	Times	12.93	6.67

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Dec 2020	Cash Credit	Long Term	3.00	ACUITE A+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	35.00	ACUITE A1+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	27.00	ACUITE A1+ (Reaffirmed)
15 May 2019	Bank Guarantee	Short Term	30.00	ACUITE A1+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	32.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE A+ Negative (Reaffirmed)
02 Feb 2018	Bank Guarantee	Short Term	30.00	ACUITE A1+ (Assigned)
	Proposed Bank Guarantee	Short Term	30.00	ACUITE A1+ (Assigned)
	Cash Credit	Long Term	5.00	ACUITE A+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	35.00	ACUITE A1+ Reaffirmed
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A+ Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	27.00	ACUITE A1+ Reaffirmed

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About Acuité Ratings & Research

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