

Press Release

The Braithwaite Burn and Jessop Construction Company Limited

March 17, 2023

Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE A+ Stable Reaffirmed	-
Bank Loan Ratings	50.00	-	ACUITE A1+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	65.00	-	-

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**'.

Rating Rationale

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 a subdued operating margin and working capital intensive nature of the operation.

About the Company

Incorporate 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.

Standalone (Unsupported) Rating

ACUITE BBB/ 'Stable'

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 GoI

TBBJCCL 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 TBBJCCL was merged with its holding company BBUNL and the name of TBBJCCL was maintained. Currently, TBBJCCL enjoys a status of 100 per cent government owned company. TBBJCCL 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 TBBJCCL 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.

Healthy growth in scale of operations

The revenue of the company stood at Rs.137crore in FY2022 as compared to Rs.71.75 crore in the previous year. This improvement in revenue is on account of increase in work order execution during the period. In FY2022, it derived ~98% of its total revenue from providing construction contracts services. Further, the company has booked revenue of around Rs.234 crore till 31st Dec 2022 (Prov.). Going forward, Acuité believes that the revenue of the company will increase on account of well-established presence and comfortable order book position of around Rs. 572 crore as on 31st December 2022. The company reported an EBITDA of Rs.1.48 crores in FY22 as against a loss of Rs. 14.18 crores. The same is due to under absorption of fixed overheads. The net profit of TBBJCCL, decreased to Rs 3.15 crores in FY22 over Rs.11.68 crores in FY21. The net profit in FY21, mainly attributable to 'other income' of Rs.31.87 crores, of which Rs.26.16 crores pertains to prior period adjustment.

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 FY20-22. The interest coverage ratio also improved significantly to 20.83 times in FY22 over 12.93 times in FY21. The debt service coverage ratio (DSCR) of the company stood at 9.10 times in FY2022 as compared to 7.58 times in the previous year. The net cash accruals to total debt (NCA/TD) stood at 0.06 times in FY2022 as compared to 0.18 times in the previous year. The total outstanding liability to tangible net worth remains at similar level at 2.42-2.53 times. 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

Working capital intensive operations

The working capital management of the company has improved in FY22, although marked by high Gross Current Assets (GCA) days with increased efficiencies in inventory management. The inventory days improved to 134 days in FY22 as against Rs. 187 days in FY21. The inventory majorly comprises of work in progress. The debtors days improved to 63 days in FY21 as against Rs. 69 days in FY21. The receivables are realised within 2-3 weeks of submitting the bills. The company also receives credit period of 45 days from its suppliers. Acuite believes working capital requirement is likely to remain similar in medium term. The company also receives credit period of 45 days from its suppliers. Acuite believes working capital requirement is likely to remain similar in medium term.

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. 4.13 crores in absence of any debt repayment obligation. The company also maintained cash and bank balance of Rs.2.76 crores as on March 31, 2022. The current ratio

of the company continues to remain above unity at 1.40 times as on March 31, 2022. The company has also been maintaining deposits with banks to the tune of Rs.102.50 crores as on March 31, 2022. The bank limit of the company has been ~17 percent utilized during the last six months ended in January 2023. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of comfortable cash accruals against long debt repayments over the medium term.

Outlook: Stable

Acuite 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

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	137.11	71.75
PAT	Rs. Cr.	3.15	11.68
PAT Margin	(%)	2.30	16.28
Total Debt/Tangible Net Worth	Times	0.33	0.33
PBDIT/Interest	Times	20.83	12.93

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 Mar 2022	Bank Guarantee	Short Term	35.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE A+ Stable (Reaffirmed)
	Proposed Bank Guarantee	Short Term	27.00	ACUITE A1+ (Reaffirmed)
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)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	35.00	ACUITE A1+ Reaffirmed
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE A+ Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE A1+ Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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