

Press Release

The Braithwaite Burn and Jessop Construction Company Limited

June 14, 2024

Rating Assigned and Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE A+ Stable Reaffirmed	-
Bank Loan Ratings	5.00	-	ACUITE A1+ Assigned
Bank Loan Ratings	40.00	-	ACUITE A1+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	70.00	-	-

Rating Rationale

Acuite has reaffirmed on 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**'.

Acuite also assigned short-term rating of '**ACUITE A1+**' (read as **ACUITE A one plus**) on the Rs.5.00 crore bank facilities of The Braithwaite Burn And Jessop Construction Company Limited (TBBJCCL).

Rationale for Rating

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, low order book and working capital intensive nature of the operation.

About the Company

The Braithwaite Burn and Jessop Construction Company Limited (TBBJCCL) was incorporated on 1986 for the construction of Howrah Bridge over river Ganga in Kolkata (West Bengal). Three engineering companies viz. Braithwaite & Company (Contributing 40%), Burn & Company Limited (Contributing 40%) and Jessop & Company Limited (Contributing 20%) came together with their long experience and floated a new company The Braithwaite Burn & Jessop Construction Company Limited (BBJ). In 1987 - BBJ became a 'Government company' consequent upon transfer of its entire shares to its erstwhile Holding company "Bharat Bhari Udyog Nigam Limited" (BBUNL) and became a wholly owned subsidiary of BBUNL. In 2015, by order of Department of Heavy Industry, Government of India, BBJ (as Transferee Company) has been merged with its holding company BBUNL (as Transferor Company) and the name has changed from 'Bharat Bhari Udyog Nigam Limited' to 'The Braithwaite Burn and Jessop Construction Company Limited'. Currently BBJ enjoys a status of 100 % per cent government owned company.

It is engaged in the construction of steel bridges for railways and other civil construction works. Currently Mr. Aditya Kumar Ghosh, Ms. Sarla Devi, Mr. Rajiv Kumar Singh and Mr. Rakesh Chillar are the directors of the company.

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'. While arriving at the rating of TBBJCCL, Acuite has notched up the rating since there is a strong level of support from Government of India since it is wholly owned by them.

Key Rating Drivers

Strengths

Wholly owned undertaking of GoI

TBBJCCL was incorporated in January 1986 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.

Comfortable financial risk profile

The capital structure as represented by debt-equity ratio continues to remain below unity; at 0.30 times in FY24(Provisional). The debt profile of the company comprises of term loan to the tune of Rs.68.51 crore as on March 31, 2023. The same has been carried on since long time and the same was given by Government of India to one of the subsidiaries of Bharat Bhari Udyog Nigam Limited (BBUNL). Post the merger of BBUNL, the loans have been transferred in books of TBBJCCL. As per the management, the same is expected to continue as the subsidiary to which the loan was extended is in liquidation process. The tangible net worth of the company increased to Rs.229.40 crore as on March 31, 2024(Provisional) as against Rs.218.29 crore as on March 31, 2023. The interest coverage ratio also improved significantly to about 12.17 times in FY24(Provisional) over 13.79 times in FY23. The debt service coverage ratio (DSCR) of the company stood about 6.84 times in FY2024(Provisional) as compared to 6.92 times in the previous year. The net cash accruals to total debt (NCA/TD) stood at 0.18 times in FY2024 as compared to 0.15 times in the previous year. Going forward, Acuite believes the financial risk profile of the company will remain healthy on account of steady net cash accruals and no major debt funded capex plan over the near term.

Weaknesses

Stagnant growth in scale of operations

The revenue of the company stood at Rs.304.73 crore in FY2024 (Provisional) as compared to Rs.301.84 crore in the previous year. The stagnant performance in revenue is on account of no major new works undertaken and slower execution of ongoing projects during last year. In FY2024, it derived ~98% of its total revenue from providing construction contracts services. Going forward, Acuite believes that the revenue of the company will increase on account of well-established presence and comfortable order book position of around Rs. 317 crore as on 31st February 2024.

The company reported an improvement in EBITDA to Rs. 15 Crore in FY 2024 (Provisional) compared to Rs.9.05 crore in FY2023 and Rs.1.48 crores in FY22. The same is since most of the projects are in completion stage of the projects. The net profit of TBBJCCL, improved to Rs 12.16 crore in FY24(Provisional) over Rs.8.86 crore in FY23 and Rs. 3.15 Cr. in FY2022.

Customer and Geographical Distribution

The order book is moderately concentrated on clientele front. The top two clientele contribute to around 63% of total order book., of which 40% of orders are from Northern Frontier Railways. The receivables are realized within 45 days on submission of bill. Furthermore, The major portion, 39.75% is being executed in Mizoram, thereby reporting

moderate client concentration. However, with Mizoram mostly affected by monsoon and terrains, the work execution is expected to be challenging. The company uses its own equipment for the execution of work orders and thus, the resources are mobilised at project site.

Rating Sensitivities

- Working capital management
- Significant growth and sustainability in operating performance

Liquidity Position

Adequate

The liquidity profile of the company continues to remain at adequate level with net cash accruals of about Rs.12.40 crore (FY24 provisional) in absence of any significant debt repayment obligation. The company also maintained cash and bank balance of Rs.10.70 crore as on March 31, 2023. The current ratio of the company continues to remain above unity at 1.34 times as on March 31, 2023. The company has been undertaking capex for less than Rs.5 crore, out of net cash accruals. The company has also been maintaining deposits with banks to the tune of Rs.102.82 crore as on March 31, 2023. The bank limit of the company has been ~25 percent utilized during the last eight months ended in February 2024. Acuité 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

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

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	301.84	137.11
PAT	Rs. Cr.	8.86	3.15
PAT Margin	(%)	2.93	2.30
Total Debt/Tangible Net Worth	Times	0.32	0.33
PBDIT/Interest	Times	13.79	20.83

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>
- 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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
17 Mar 2023	Bank Guarantee/Letter of Guarantee	Short Term	35.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE A+ Stable (Reaffirmed)
	Proposed Bank Guarantee	Short Term	15.00	ACUITE A1+ (Reaffirmed)
25 Mar 2022	Bank Guarantee/Letter of 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)

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 avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A1+ Reaffirmed
Canara Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A1+ Assigned
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	25.00	ACUITE A+ Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.No.	Company Name
1	Governement of India
2	The Braithwaite Burn And Jessop Construction Company Limited

Contacts

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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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