

## Bridge & Roof Company (India) Limited

April 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	2,258.70	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB+; Stable;
Long-term / short-term bank facilities	46.30	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB+; Stable / CARE A4+;

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) had, vide its press release dated November 03, 2021, placed the ratings of Bridge & Roof Company (India) Limited (BRCL) under the 'issuer non-cooperating' category, as BRCL failed to provide information for monitoring of ratings as agreed to in its Rating Agreement. BRCL continues to be non-cooperative, despite repeated requests for submission of information through calls and e-mails. In line with the extant of SEBI guidelines, CARE Ratings reviewed ratings based on best available information, which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).**

Revision in ratings of bank facilities of BRCL is due to non-availability of adequate information to undertake a review of the entity.

### Analytical approach:

Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of the last rating on February 02, 2023, following were rating strengths and weaknesses (updated with information available from the Registrar of Companies):

### Key weaknesses

#### Moderation in capital structure

The company's overall gearing reduced from 0.13x as on March 31, 2022, to 0.03x as on March 31, 2023, due to reducing working capital borrowings. The company does not have outstanding term debt. Total operating liabilities to total net worth (TOL/TNW) deteriorated further to 8.42x as on March 31, 2023, from 8.34x as on March 31, 2022, considering the company is resorting majorly to creditors and advances for funding its increase in scale of operations. Interest coverage remained moderate at 1.91x in FY23 as against 1.59x in FY22. However, total debt to gross cash accruals (TD/GCA) reduced to 0.27x as on March 31, 2023, against 1.55x as on March 31, 2022, due to significantly reducing quantum of borrowings.

#### Working capital intensive business

BRCL's business is working capital intensive considering high collection period, as payments are received on achieving certain milestones and blocking retention money due to long duration of construction projects, which gets released after successfully completing the performance guarantee test period. The company needs to maintain inventory mainly of steel and cement for timely project execution. The company has back-to-back arrangement with its sub-contractors. With increased collection period, average creditor days also increased to 215 days in FY23 as against 186 days in FY22.

#### Profitability susceptible to volatile input prices

Steel and cement are the major inputs for construction, prices of which are volatile. About 40%-45% of the company's contracts have an escalation clause linked to the Wholesale Price Index (WPI – for variation in raw material prices and labour rate), which mitigates the risk to an extent. However, the balance contracts are fixed price. If the price movement of cement and steel exceeds

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications.

WPI, the company is unable to pass on the price escalation over WPI entirely. BRCL sub-contracts around 50% of the contract it receives.

**Intense competition in the construction business**

The company is operating in the construction industry, which requires bidding for projects based on tenders. Accordingly, the company is exposed to intense competition and margins remain impacted.

**Key strengths****Central Public Sector Unit (PSU) and Mini Ratna Category-I status of the company**

BRCL is a Central PSU and in September 2010, it was granted Mini-Ratna Category-I status by GoI. GoI holds 99.35% stake in the company and the rest is with Balmer Lawrie and Co. Ltd. However, the government has announced plans for strategic disinvestment of its entire stake in BRCL and change in ownership is a key rating sensitivity.

**Long and satisfactory track record with proven project execution capabilities**

BRCL is a medium-sized, Kolkata-based engineering construction company, engaged in executing civil and mechanical construction, including executing projects on a turnkey basis. The company has completed a good number of small and medium sized projects in road and railways, metal, power, fertiliser, oil and gas, and petro-chemical sectors. BRCL has a satisfactory contract completion track record and receives repeat orders from clients, indicating BRCL's satisfactory project execution capabilities.

**Improvement in order book position**

In FY23, the company received healthy orders from sectors such as Railways, Oil and Gas, and Power among others and the outstanding order book as on March 31, 2023, stood at about ₹15,443.14 crore (4.67x of net sales in FY23) providing medium term revenue visibility. Per the last review, the company has already provided bank guarantees required and had about ₹226 crore of free BGs as on December 15, 2020. Apart from this, the company has already received sanction for additional BG limits of about ₹111 crore and about ₹100 crore of BG yet to be sanctioned from the assessed BG limit.

**Reputed client portfolio with diversified order book**

The order book consists of orders mostly from reputed public and private sectors entities. The company has a diversified project mix comprising projects from road & railways, metal, power, fertiliser, oil and gas, and petro-chemical sectors. Hence, the company is reasonably insulated from sector-specific risks. Public sector accounted for 91% of the order book while private sector accounts for the remaining 9%.

**Stable financial performance in FY23**

The company reported operating income of about ₹3315 crore in FY23 as against ₹3195 crore in FY22 with y-o-y improvement of about 6% in FY23. PBILDT margin marginally improved from 2.36% to 3.53% from FY22 to FY23. Furthermore, profit after taxes (PAT) margin improved from 0.67% in FY22 to 1.23% in FY23. The company had PAT level profits of ₹40.90 crore in FY23 as against ₹21.28 crore in FY22. The profitability gradually improved overall considering improvement in the order book and subsequent execution.

**Assumptions/Covenants**

Not applicable

**Environment, social, and governance (ESG) risks**

Not applicable

**Applicable criteria**

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

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## About the company and industry

### Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

BRCL incorporated in 1920, is a Mini Ratna Category-I public sector enterprise under the Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, GoI. BRCL is a medium-sized engineering construction company, engaged in civil and mechanical construction and execution of turnkey projects. It also has a manufacturing facility for producing bailey type unit bridges, bunk houses, railway wagon, and steel fabrication.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	2,698.82	3,195.17	3,315.38
PBILDT	80.35	75.26	117.31
PAT	7.80	21.28	40.90
Overall gearing (times)	0.52	0.13	0.03
Interest coverage (times)	1.39	1.59	1.91

A: Audited UA: Unaudited; Note: 'these are latest available financial results'

**Status of non-cooperation with previous CRA:** Brickwork ratings has placed the company's rating under "ISSUER NOT COOPERATING" category since September 29, 2023, based on best available information as the Issuer did not cooperate to share the minimum required information to conduct the rating exercise.

### Any other information:

Not applicable

**Rating history for last three years:** Annexure-2

**Covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	225.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantee		-	-	-	2033.70	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-BG/LC		-	-	-	46.30	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	225.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (02-Feb-23)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (03-Nov-21) 2)CARE A; Stable (05-Apr-21)
2	Non-fund-based - LT-Bank Guarantee	LT	2033.70	CARE BB; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (02-Feb-23)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (03-Nov-21) 2)CARE A; Stable (05-Apr-21)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	46.30	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (02-Feb-23)	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (03-Nov-21) 2)CARE A; Stable / CARE A1 (05-Apr-21)

\*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based – LT-Cash Credit	Simple
2	Non-fund-based – LT-Bank Guarantee	Simple
3	Non-fund-based – LT/ ST-BG/LC	Simple

## Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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### About us:

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### Disclaimer:

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