

Press Release

SUBRAMANYA CONSTRUCTION AND DEVELOPMENT COMPANY LIMITED

August 22, 2025

Rating Downgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	500.00	ACUITE D Downgraded	-
Total Outstanding Quantum (Rs. Cr)	500.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE B+**' (read as **ACUITE B Plus**) on the Rs. 500 Cr. bank facilities of Subramanya Construction and Development company Limited (SCDCL).

The Company has provided information, leading to transition from Issuer Not Co-operating (INC since 2019) to a regular issuer.

Rationale for rating

The rating has been downgraded on account of delays in payments of the lease rental discounting loan from Union Bank of India in last 12 months up to July 2025. The same has been a result of cash flow mismatches in repaying debt on due dates.

About the Company

Bengaluru based Subramanya Construction and Development Company Limited (SCDCL) was incorporated in 1992. The company is engaged in the business of real estate development, buying and selling of land and construction of commercial building and infrastructure development and leasing of commercial property. SCDCL has an IT park branded as 'Subramanya Arcade' in Bengaluru with a total leasable area of 8.64 lakh square feet. Other than the lease rental business, the company is also engaged in land plotting activities in Bengaluru and Mysore regions. The present directors of the company are Mr. Hammanna Bommayya Nayak, Mr. Balasubramanya Nagesh and Mr. Arjun Balasubramanya. The registered office is in Bangalore, Karnataka. The company is promoted by Mr K N Balasubramanyam who has over 25 years of experience in civil construction, land acquisition & aggregation, land development and execution of infrastructure projects.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of SCDCL.

Key Rating Drivers

Strengths

Business Risk Profile

The company has achieved a revenue of Rs. 234.51 Cr. in FY25(Prov.) as against Rs. 145.34 Cr. in FY24. The increase of 61.35% is attributed to the increase in cash flows from the arcade and further selling of plotted lands. The EBITDA margins of the company stood at 46.74% in FY25(Prov.) as compared to 61.46% in FY24. The PAT margins of the company stood at 10.83% in FY25(Prov.) as compared to 7.26% in FY24. The increase in PAT was noticed because of the decrease in cost of borrowing. Going forward, the company remain on the same lines in

medium term on account of sustained business.

Weaknesses

Financial Risk Profile

The financial risk profile of the company is average marked by moderate net-worth of Rs. 124.81 Cr. as on 31st March 2025(Prov.) against Rs. 176.87 Cr. as on 31st March 2024. The total debt of the company is Rs. 756.76 Cr as on 31st March 2025(Prov.) against Rs. 734.89 Cr. as on 31st March 2024. The gearing stands high at 6.06 times in FY25(Prov.) against 4.15 times in FY24. The high gearing is because of the huge term loans related to Subramanya Arcade. Further, the interest coverage ratio of the company stood at 1.44 times in FY25 (Prov.) as against 1.23 times in FY24. The debt service coverage ratio stood at 1.09 times in FY25(Prov.) against 0.94 times in FY24. Acuité believes that the company is likely to stay on the same lines.

Intensive Working Capital Profile

The working capital operations of the company remained intensive marked by GCA days which stood at 790 days as on 31st March 2025(Prov.) as against 1750 days as on 31st March 2024. The inventory days of the company stood at 851 days as on 31st March 2025(Prov.) as against 2472 days as on 31st March 2024. The debtor days of the company stood at 236 days as on 31st March 2025(Prov.) as against 277 days as on 31st March 2024. On the other hand, the creditor days of the company stood at 15 days as on 31st March 2025(Prov.) as against 62 days as on 31st March 2024. Acuité believes that the company is likely to continue having intensive working capital requirements in the medium term on account of the nature of business.

Rating Sensitivities

Movement in cash flows from lease
Movement in debt protection metrics
Timely payment of debt obligations

Liquidity Position

Poor

The liquidity profile of the company is poor. The company generated a net cash accrual of Rs. 29.33 Cr. as on as on 31st March 2025(Prov.) against the debt repayment obligations of Rs. 20.84 Cr. in the same period. The repayment of these debt obligations has been made directly using the cash flows from Subramanya Arcade using ESCROW mechanism but with time lags leading to delay in repayment of the debt obligations. The current ratio of the company improved to 2.43 times as on 31st March 2025(Prov.) as against 1.67 times as on 31st March 2024. The NCA/TD stood at 0.04 times in FY25(Prov.) as against 0.02 times in FY24. The cash & bank balance stood at Rs. 0.60 Cr. as on 31st March, 2025(Prov.). Acuité believes that the liquidity of company is likely to improve in the medium term on account of steady cash accruals and absence of any debt funded CAPEX plans.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	234.51	145.34
PAT	Rs. Cr.	25.40	10.55
PAT Margin	(%)	10.83	7.26
Total Debt/Tangible Net Worth	Times	6.06	4.15
PBDIT/Interest	Times	1.44	1.23

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>
- Lease Rental Discounting : <https://www.acuite.in/view-rating-criteria-106.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
11 Jun 2024	Term Loan	Long Term	500.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
17 Mar 2023	Term Loan	Long Term	500.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE D Downgraded (from ACUITE B+)
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Apr 2032	450.00	Simple	ACUITE D Downgraded (from ACUITE B+)

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About Acuité Ratings & Research

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