

Press Release

SLC Projects Private Limited

November 29, 2021



Rating Downgraded

Product	Initial Quantum (Rs. Cr.)	Net Quantum (Rs. Cr.)	Long Term Rating	Short Term Rating
Bank Loan Ratings	12.00	12.00		ACUITE D Downgraded
Bank Loan Ratings	18.00	18.00	ACUITE D Downgraded	
Total	30.00	30.00	-	-

*Refer Annexure for details

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE BB**' (read as **ACUITE double B**) and the short-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.30.00 Cr bank facilities of SLC Projects Private Limited (SPPL).

Rationale for rating downgrade

The rating downgrade is based on the no default statement & bank statements received from the client and written feedback received from the banker which has confirmed that there have been instances of delays in the repayment of Covid Loan (BOI GECL) for 10 days in October, 2021.

About the Company

SLC Projects Private Limited (SPPL) commenced its operations in 1968 and provides infrastructure construction and engineering services. The company is actively involved in construction, electrical, and mechanical works for government defence-related projects. The company is set up by Mr. P. Subbaraju and the company operates from Visakhapatnam, Andhra Pradesh.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of SPPL to arrive at the rating.

Key Rating Drivers

Strengths

>Experienced management

SPPL's business risk profile is supported by director's extensive industry experience. The managing director, Mr. P. Subbaraju has more than three decades of experience in executing civil contract works and defense related projects. His long standing experience has helped the company in establishing comfortable relationships with their key customers and suppliers. Acuite believes that SPPL will continue to benefit from the promoter's established presence in the industry and its improving business risk profile over the medium term.

Weaknesses

>Delay in servicing of bank facilities

The downgrade revision of rating primarily reflects the delays in servicing of debt obligations in Covid Loan (BOI GECL). There have been instances of delays for around 10 days in repayment of Covid Loan.

Liquidity: Poor

The liquidity is poor on account of delays in servicing of debt obligations in Covid Loan (BOI GECL). There have been instances of delays for around 10 days in repayment of Covid Loan. Acuité believes the ability of the company to repay its debt obligations on time will be a key rating sensitivity.

Rating Sensitivities

Not Applicable

Material covenants

None

Outlook

Not Applicable

Key Financials

Particulars	Unit	FY 21 (Provisional)	FY 20 (Actual)
Operating Income	Rs. Cr.	56.72	86.39
PAT	Rs. Cr.	0.97	1.58
PAT Margin	(%)	1.71	1.83
Total Debt/Tangible Net Worth	Times	1.79	1.87
PBDIT/Interest	Times	2.97	2.69

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.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
23 Jul 2021	Working Capital Term Loan	Long Term	1.97	ACUITE BB Stable (Assigned)
	Cash Credit	Long Term	14.00	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Bank Guarantee	Short Term	12.00	ACUITE A4+ (Upgraded from ACUITE A4)

	Proposed Bank Facility	Long Term	2.03	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
21 May 2020	Cash Credit	Long Term	14.00	ACUITE BB- Stable (Assigned)
	Proposed Cash Credit	Long Term	4.00	ACUITE BB- Stable (Assigned)
	Bank Guarantee	Short term	12.00	ACUITE A4 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Initial Quantum (Rs. Cr.)	Net Quantum (Rs. Cr.)	Rating
Bank of India	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Not Applicable	0.00	12.00	ACUITE D Downgraded (from ACUITE A4+)
Bank of India	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Not Applicable	0.00	14.00	ACUITE D Downgraded (from ACUITE BB)
Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Not Applicable	0.00	2.03	ACUITE D Downgraded (from ACUITE BB)
Bank of India	Working Capital Term Loan	Not Applicable	13-08-2020	7.50	13-09-2024	0.00	1.97	ACUITE D Downgraded (from ACUITE BB)

Contacts

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About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 8,850 credit 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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