

Press Release
SLC PROJECTS PRIVATE LIMITED
January 27, 2026
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	44.25	ACUITE BB- Stable Reaffirmed	-
Bank Loan Ratings	12.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	56.25	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of 'ACUITE BB-' (read as ACUITE Double B Minus) on the Rs.42.25 Cr. bank facilities and its short-term of 'ACUITE A4+' (read as ACUITE A four Plus) on the Rs.12.00 Cr. bank facilities of SLC Projects Private Limited (SPPL). The outlook is 'Stable'.

Rationale for rating

SPPL's rating reaffirmation reflects stable operations with timely execution, consistent billing, and adequate liquidity. Profitability has improved and the order book provides moderate visibility. However, stagnant revenues, high working capital intensity, reliance on bank limits, and a moderate financial risk profile constrain the rating. Pending bid outcomes will be crucial for sustaining growth and diversification.

About the Company

Incorporated in 2005, SLC Projects Private Limited (SPPL) 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.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité 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

The company is promoted by Mr. P Subba Raju, Mrs. P Yasodha, Mr. P Srinivasa Raju and Mr. P Ramana Kumar Raju. The managing director, Mr. P. Subba Raju has more than three decades of experience in executing civil contract works and defence related projects. His

long standing experience has helped the company in establishing comfortable relationships

with their key customers and suppliers.

Acuité believes that SSPL will continue to benefit from the promoter's established presence in the industry and its improving business risk profile over the medium term.

Stable revenue along with moderate order book position

The revenue of the company stood stable at Rs.100.44 Cr. in FY2025 against Rs.102.05 Cr. in FY2024, however, the projects were timely executed, and timely billing was also done. The revenue for 7MFY2026 stood at Rs.57.50 Cr. The operating profit margin stood at 10.66 percent in FY2025 against 10.97 percent in FY2024. However, the PAT margin improved to 5.38 percent in FY2025 against 4.21 percent in FY2024. As on March 2025, the company maintained a moderate outstanding order book of Rs.121.51 Cr. In addition, it has participated in new bids and currently holds L1 position for orders worth Rs.312 Cr, the outcome of which is awaited. The conversion of these L1 orders into firm contracts remains a key monitorable.

Weaknesses

Moderate financial risk profile

The company has a moderate financial risk profile marked by modest net worth, moderate gearing and debt protection metrics. The tangible net worth of the group stood low but improving at Rs.21.37 Cr. as on March 31, 2025, as compared against Rs.15.97 Cr. as on March 31, 2024. The increase in net worth is on account of accretion of profits into reserves. The gearing level of the company stood moderate at 1.71 times as on 31 March 2025 as against 2.42 times as on 31 March 2024. Interest coverage ratio stood at 2.32 times in FY2025 against 2.28 times in FY2024. Debt service coverage ratio moderate to 1.57 times in FY2025 against 2.03 times in FY2024. The total outside liabilities to tangible net worth (TOL/TNW) stood at 2.31 times as of March 31, 2025.

Acuite believes that the financial risk profile is expected to remain at a similar levels over the medium term.

Intensive working capital operations

The company has intensive working capital operations along with high reliance on the bank limits. The GCA days stood at 165 days in FY2025 against 148 days in FY2024. The inventory days stood at 12 days in FY2025 against 21 days in FY2024. The debtor days stood at 123 days in FY2025 against 106 days in FY2024. The group typically receives 80% of the payments from its customers within an average period of 90 days. The creditor days stood at 81 days in FY2025 against 67 days in FY2024. The utilization of the working capital limits stood high at ~91.62% in the last 6 months ending November 2025.

Highly competitive industry

The infrastructure is a fairly fragmented industry with a presence of few large pan India players where subcontracting & project specific partnerships for technical/financial reasons are fairly common. The company faces stiff competition with its competitors in procuring orders through bidding, immense competition for procuring tenders leads to very competitive pricing which in turn lead to stress on the margins. Moreover, susceptibility of raw material pricing again keeps profit margin vulnerable and is a key sensitivity factor.

Rating Sensitivities

- Higher than the expected improvement in the operating performance along with profitability margins and growth in its order book position.
- Significant deterioration in the financial risk profile.
- Any further elongations in the working capital cycle and stretch in the liquidity position.

Liquidity Position

Adequate

The company has an adequate liquidity position marked by sufficient net cash accruals of

Rs.6.38 Cr. in FY2025 against its maturing debt obligations of Rs.2.28 Cr. during the same period. Going forward, the company is expected to generate sufficient cash accruals in the range of Rs.6.60-6.92 Cr. against its maturing debt obligations of Rs.2.39-2.56 Cr. during the same period. The company maintained unencumbered cash and bank balances of Rs.0.11 Cr. as on March 31, 2025. The current ratio stood moderate at 1.40 times as on March 31, 2025. The reliance on working capital limit is high with average utilization of ~91.62% over the last 6 months ending November 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	100.44	102.05
PAT	Rs. Cr.	5.40	4.29
PAT Margin	(%)	5.38	4.21
Total Debt/Tangible Net Worth	Times	1.71	2.42
PBDIT/Interest	Times	2.32	2.28

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>
- 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

In order to inform the investors about complexity of instruments, Acuité 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
29 Oct 2024	Bank Guarantee/Letter of Guarantee	Short Term	12.00	ACUITE A4+ (Upgraded from ACUITE A4)
	Cash Credit	Long Term	14.00	ACUITE BB- Stable (Upgraded from ACUITE C)
	Proposed Long Term Bank Facility	Long Term	2.43	ACUITE BB- Stable (Upgraded from ACUITE C)
	Term Loan	Long Term	1.57	ACUITE BB- Stable (Upgraded from ACUITE C)
	Proposed Long Term Bank Facility	Long Term	26.25	ACUITE BB- Stable (Assigned)
02 May 2024	Bank Guarantee/Letter of Guarantee	Short Term	12.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	14.00	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE B+)
	Proposed Long Term Bank Facility	Long Term	1.24	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE B+)
	Working Capital Term Loan	Long Term	0.93	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE B+)
	Term Loan	Long Term	1.83	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE B+)
07 Sep 2023	Bank Guarantee/Letter of Guarantee	Short Term	12.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	14.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	1.24	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Working Capital Term Loan	Long Term	0.93	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	1.83	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
04 May 2023	Bank Guarantee/Letter of Guarantee	Short Term	12.00	ACUITE A4 (Reaffirmed)
	Working Capital Term Loan	Long Term	0.93	ACUITE B+ Stable (Reaffirmed)
	Term Loan	Long Term	1.83	ACUITE B+ Stable (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE B+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.24	ACUITE B+ Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
BANK OF INDIA (BOI)	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A4+ Reaffirmed
BANK OF INDIA (BOI)	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE BB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.68	Simple	ACUITE BB- Stable Reaffirmed
BANK OF INDIA (BOI)	Not avl. / Not appl.	Term Loan	13 Nov 2021	Not avl. / Not appl.	13 Dec 2026	1.57	Simple	ACUITE BB- Stable Reaffirmed

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About Acuité Ratings & Research

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