



**Press Release**  
**SCS CONSTRUCTIONS INDIA PRIVATE LIMITED**  
**March 25, 2025**  
**Rating Assigned and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	14.00	ACUITE BBB-   Stable   Upgraded	-
Bank Loan Ratings	14.00	-	ACUITE A3   Assigned
Bank Loan Ratings	36.00	-	ACUITE A3   Upgraded
Total Outstanding Quantum (Rs. Cr)	64.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating to 'ACUITE BBB-' (read as ACUITE Triple B minus) from 'ACUITE BB+' (read as ACUITE Double B Plus) and the short-term rating to 'ACUITE A3' (read as ACUITE A three) from 'ACUITE A4+' (read as ACUITE A Four Plus) on the Rs. 50.00 crore bank facilities of SCS Constructions India Private Limited (SCIPL). The outlook is 'Stable'. Further, Acuite has assigned short-term rating of 'ACUITE A3' (read as ACUITE A three) on Rs. 14.00 crore bank facilities of SCS Constructions India Private Limited (SCIPL).

**Rationale for the Rating Upgrade**

The rating upgrade is on account of the significant improvement in revenues backed by healthy order book position which gives revenue visibility over the medium term. The rating draws strength from comfortable financial risk profile marked by moderate gearing and comfortable debt protection metrics. However, the rating is constrained due to moderate working capital operation of the company and competitive and fragmented nature of industry coupled with tender based business.

**About the Company**

Incorporated in 2016, SCS Constructions India Private Limited (SCIPL) is primarily engaged in the construction of roads, bridges and irrigation projects in Odisha. It is registered as a Super Class Contractor with the government of Odisha having its registered office in Bhubaneswar. The company also operates a fuel station near Puri in Odisha. The major clients of the company are into Irrigation and Rural Works including R & B, IDCO and Odisha Bridge & Construction Corporation Limited (OBCC) of Odisha State Government and NH Division, BBSR & Mahanadi Coal Fields of Central Government. The present directors are Mr. Suresh Sahoo Chandra and Ms. Smruti Smaranika Sahoo.

**Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuité has considered the standalone business and financial risk profiles of SCS Constructions India Private Limited (SCIPL) to arrive at the rating.

### **Key Rating Drivers**

## Strengths

### Experienced Management supported by established track record of operations

The company is promoted by Mr. Suresh Chandra Sahoo, who has been involved in the civil construction business since more than two decades. Long experience of promoters and its established track record of operations strengthen the operational risk profile of the company. Furthermore, the company undertakes work contracts mainly for the various departments of Government of Odisha and few reputed private players which reduces the counter party risk to a large extent. Acuite derives comfort from the vast experience of the management and believes this will benefit the company going forward, resulting in steady growth in the scale of operations.

### Improvement in operating performance backed by healthy order book position

SCIPL reported significant growth Y-O-Y, wherein revenues stood at Rs.101.71 crore in FY2024 as against Rs.62.86 crore in FY2023 and Rs.47.82 crore in FY2022. The growth was on account of acceleration in order execution. Further, the company reported revenues of Rs. 112.00 crore in 10MFY2025 and expected to achieve revenue of ~ Rs.130.00 Cr. in FY2025. SCIPL has an unexecuted order book of Rs.307.04 crore as on January 31, 2025, which gives revenue visibility for the medium term. The EBITDA margin has though remained range bound and stood at 9.80 per cent in FY2024 as against 10.33 per cent in FY2023 while PAT margin improved and stood at 5.45 per cent in FY2024 as against 5.23 per cent in FY2023. Acuite believes, the operating performance of the company would improve steadily on the back of healthy order book position.

### Modest Financial Risk Profile

SCIPLs financial risk profile remained modest marked by average net worth, moderate gearing and comfortable debt protection metrics. Net-worth of the company improved and stood at Rs.37.57 crore in FY2024 as against Rs.18.83 crore in FY2023 due to accretion of profits into reserves. The net worth for FY24 includes unsecured loans from directors of Rs.11.20 Cr. which are treated as quasi equity as per the undertaking received from the management. SCIPL has invested in group companies to the tune of Rs.12.35 Cr. in FY24 which is ~32.87 per cent of total tangible net worth, SCIPL would reduce its exposure to group companies in coming years due to adequacy of cash flows in group companies.

Gearing (Debt-to-Equity ratio) of the Company improved and stood at 0.46 times as on March 31, 2024, as against 0.86 times as on March 31, 2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.98 times as on March 31, 2024, as against 1.32 times as on March 31, 2023. The debt protection metrics of the Company is comfortable marked by Interest Coverage Ratio (ICR) at 3.87 times as on March 31, 2024, as against 3.49 times as on March 31, 2023, while Debt Service Coverage Ratio (DSCR) of the company stood at 2.23 times as on March 31, 2024 as against 1.96 times as on March 31, 2023. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.37 times as on March 31, 2024.

Acuite believes that the financial risk profile of the company would improve over the medium term on account of steady cash accruals, lower exposure to group companies and absence of major debt funded capex plans.

## Weaknesses

### Moderately intensive Working Capital Operations

The working Capital operations of the company remained moderately intensive marked GCA of 135 days in FY2024 as against 98 days in FY2023. The high GCA days is mainly on account of significant security deposits, margin money and retentions kept with the tendering authorities. The inventory period stood at 5 days in FY2024 as against 6 days in FY2023. Debtor days improved and stood at 51 days in FY2024 as against 59 days in FY2023. The debtors consist of a significant portion of retention money. The average fund-based bank limit utilization stood at 67.29 percent and non-fund-based limits stood at 84.56 percent for twelve months ended December 2024. Acuite believes that the working capital operations of the company would remain moderately intensive given the nature of business.

### Competitive and fragmented nature of industry coupled with tender based business

The company is engaged as a civil contractor and the sector is marked by the presence of several mid to big size players. The company faces intense competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on a minimum amount of bidding of contracts and hence the company must make bid for such tenders on competitive prices, which may affect the profitability of the company. However, this risk is mitigated to an extent due to the extensive experience of the management of over two decades in the construction industry.

## Rating Sensitivities

- Sustained improvement in revenues while maintaining profitability margin.

- Timely execution of orders and healthy order inflow
- Sustenance of financial risk profile with healthy capital structure.
- Higher than expected exposure to group companies impacting cash flows

### **Liquidity Position**

#### **Adequate**

The company's liquidity is adequate marked by net cash accruals of Rs.6.32 Cr. as on March 31, 2024, against debt obligation of Rs.1.31 Cr. over the same period. The cash accruals of the company are estimated to be in the range of around Rs.8 Cr. to Rs.14 Cr. during 2025-26 as against repayment obligation in the range of Rs.1.4 Cr – Rs.1.5 Cr. for the same period. The cash and bank balances stood at Rs.0.35 Cr. as on March 31, 2024. The current ratio of the company stood at 1.62 times as on March 31, 2024. The average fund-based bank limit utilization stood at 67.29 percent and non-fund-based limits stood at 84.56 percent for twelve months ended December 2024.

### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	101.71	62.86
PAT	Rs. Cr.	5.54	3.29
PAT Margin	(%)	5.45	5.23
Total Debt/Tangible Net Worth	Times	0.46	0.86
PBDIT/Interest	Times	3.87	3.49

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

Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Jan 2024	Secured Overdraft	Short Term	0.80	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	35.00	ACUITE A4+ (Assigned)
	Proposed Bank Guarantee	Short Term	1.70	ACUITE A4+ (Assigned)
	Covid Emergency Line.	Long Term	1.87	ACUITE BB+   Stable (Assigned)
	Term Loan	Long Term	0.63	ACUITE BB+   Stable (Assigned)
	Cash Credit	Long Term	7.00	ACUITE BB+   Stable (Assigned)
	Proposed Cash Credit	Long Term	3.00	ACUITE BB+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	36.00	Simple	ACUITE A3   Upgraded ( from ACUITE A4+ )
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE A3   Assigned
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE BBB-   Stable   Upgraded ( from ACUITE BB+ )
Indian Bank	Not avl. / Not appl.	Covid Emergency Line.	10 May 2022	Not avl. / Not appl.	15 Nov 2026	1.18	Simple	ACUITE BBB-   Stable   Upgraded ( from ACUITE BB+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.65	Simple	ACUITE BBB-   Stable   Upgraded ( from ACUITE BB+ )
Indian Bank	Not avl. / Not appl.	Term Loan	10 May 2022	Not avl. / Not appl.	31 Aug 2025	0.17	Simple	ACUITE BBB-   Stable   Upgraded ( from ACUITE BB+ )

## Contacts

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### About Acuité Ratings & Research

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