

## SCG Contracts India Private Limited

Instrument	Amount Rated	Outstanding Rating
	In Rs. Crore	As on December 2016
Working Capital Limits	3.0	[ICRA]BBB-(Stable); outstanding
LC/BG Limits	25.0 (enhanced from 15.0)	[ICRA]A3; assigned/outstanding

ICRA has assigned its short-term rating for the enhanced bank facilities at [ICRA]A3 (pronounced ICRA A three)<sup>1</sup> on the Rs. 25.0-crore<sup>2</sup> (enhanced from Rs. 15.0 crore) non fund-based facilities of SCG Contracts India Private Limited (SCG). ICRA also has an outstanding long term rating of [ICRA]BBB- (pronounced ICRA triple B minus) on the fund based facilities of SCG. The outlook on the long term rating is Stable.

ICRA's ratings continue to take into account the improvement in SCG's profitability in FY2016. While the company's order book continues to be moderate, it has also been able to improve its order execution, as reflected in the substantially better top line of Rs. 73.3 crore in FY2016. ICRA also notes that SCG's dependence on the fund-based facility has reduced with mobilisation advance being available for the current orders. Consequently, the company's working capital cycle has moderated on account of better receivable realisation and lower inventory. Further, enhancement in non-fund based facility has been received.

The ratings, however, remain constrained by the high dependence on a few clients and the timely completion of these projects as well as the exposure to raw material price fluctuation due to limited price escalation clause. The company's ability to maintain its growth in the order book and its execution and the profitability will be the key rating sensitivities. Further, SCG's ability to maintain the improved working capital cycle, part of which is funded through secured advances, will also be a key rating factor.

### Company Profile

SCG Contracts India Pvt. Ltd (SCG) is a private limited company which executes civil, engineering and interior finishing works, primarily for commercial properties and hotels. The company was started by Mr. S.C. Gupta and is at present managed by him along with Mr. Anil Aggarwal. The client base of the company includes reputed players in the commercial and hotel industry like Lemon Tree Hotels, Indian Hotel Company Ltd., Brigade Enterprises Ltd. etc.

### Recent results

In FY2016, the company had an operating income of Rs. 73.3 crore and a Profit after Tax of Rs. 3.0 crore compared to an operating income of Rs. 27.8 crore and a Profit after Tax of Rs. 0.8 crore in the previous year.

**December 2016**

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

<sup>2</sup> 100 lakh = 1 crore = 10 million



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