

Shriram EPC Limited

April 06, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	548.71	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Short Term Bank Facilities	765.11	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Long-term/Short-term Bank Facilities	48.00	CARE D/CARE D; ISSUER NOT COOPERATING* (Single D/ Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total	1361.82 (Rs. One Thousand three hundred sixty one crore and eighty two lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Shriram EPC Limited to monitor the ratings vide e-mail communications dated January 14, 2020, January 28, 2020 and February 17, 2020. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, Shriram EPC Limited has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Shriram EPC Limited bank facilities will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The ratings take into account the instances of delays in servicing debt obligations.

Detailed description of the key rating drivers

At the time of last rating on April 5, 2019, the following were the rating weaknesses
(Updated for the information available from stock exchange)

Key Rating Weaknesses

Delays in debt servicing with tight liquidity position

Being an EPC contractor, the operations of Shriram EPC Limited (SEPCL) are working capital intensive with the project cycle generally ranging from six months to three years. The higher receivables position and delays associated with projects have increased the pressure on the cash flow position of the company compounded by the cash losses incurred in the past three years ended March, 2017. This has resulting in tight liquidity position of the company and instance of delays in debt servicing. During FY19, the company registered total operating income of Rs.813 crore and a PAT of Rs.29 crore.

Analytical approach:

Standalone

Applicable Criteria

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

[Policy in respect of Non-cooperation by issuer](#)
[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Criteria for Short Term Instruments](#)
[Rating Methodology-Manufacturing Companies](#)
[Financial Ratios - Non-Financial Sector](#)

About the Company

SEPCL was incorporated in June 2000, after merging companies engaged in similar businesses, consolidating their operations. Initially, setup as an EPC contractor to carry out the construction works of associate entities within the Shriram group, SEPCL has been able to establish its presence in undertaking jobs for external parties and government/quasi government entities. SEPCL specializes in executing EPC contracts, providing integrated solutions encompassing design, engineering, procurement, construction and project management services. The company's services are primarily spread across municipal services, process & metallurgy, power and mineral processing segments. SEPCL is a part of the Chennai-based Shriram group, which has varied business interests.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	719	813
PBILDT	134	143
PAT	11	29
Overall gearing (times)	0.72	0.59
Interest coverage (times)	1.25	1.35

A: Audited

Status of non-cooperation with previous CRA: India Ratings has conducted the review on the basis of best available information and has classified Shriram EPC Limited as "Not Cooperating" vide its press release dated February 10, 2020.

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March 2024	147.54	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	401.17	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT/ ST-Working Capital Limits	-	-	-	48.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Working Capital Limits	-	-	-	765.11	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

* Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	147.54	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (05-Apr-19)	1)CARE D (05-Apr-18)	1)CARE D (17-May-17)	1)CARE BB (07-Apr-16)
2.	Fund-based - LT-Cash Credit	LT	401.17	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (05-Apr-19)	1)CARE D (05-Apr-18)	1)CARE D (17-May-17)	1)CARE BB (07-Apr-16)
3.	Fund-based - LT/ST-Working Capital Limits	LT/ST	48.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D / CARE D (05-Apr-19)	1)CARE D / CARE D (05-Apr-18)	1)CARE D / CARE D (17-May-17)	1)CARE BB / CARE A4 (07-Apr-16)
4.	Non-fund-based - ST-Working Capital Limits	ST	765.11	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (05-Apr-19)	1)CARE D (05-Apr-18)	1)CARE D (17-May-17)	1)CARE A4 (07-Apr-16)

* Issuer did not cooperate; Based on best available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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