

May 4, 2010

**CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES AND STD OF STEWARTS AND LLOYDS OF INDIA LTD.**

**Ratings**

Facilities/Instrument	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	35.50 (reduced from Rs.45.00 crore)	<b>'CARE BBB+' (Triple B Plus)</b>	Revised from CARE A [Single A]
Long-term/Short-term Bank Facilities	90.00	<b>'PR2' (PR Two)</b>	Revised from PR1 [PR One]
<b>Total Facilities</b>	<b>125.50</b>		
Short term debt*	20.00	<b>'PR2' (PR Two)</b>	Revised from PR1 [PR One]

\* carved out of working capital limits

**Rating Rationale**

The aforesaid revision in ratings takes into account the deterioration in performance of the company in FY09, poor order inflow in nine months ended Dec.31, 2009 (9MFY10) leading to further decline in financial performance & cash loss and delayed receipt of contract proceeds. The ratings, however, factor in SLIL's long & satisfactory track record spanning over seven decades, strong background of promoters, proven project management & execution capability with strong technical tie-ups and impressive client portfolio. The ratings continue to be constrained by the relatively small size of the company, slow growth rate, intense competition in the engineering construction industry and volatile input prices. Steady flow of order & timely execution of the same, regular receipt of contract proceeds and containment of operating costs will remain the key rating sensitivities.

**Company Profile**

SLIL, set up in 1937, is a Kolkata based small sized engineering construction company, engaged in execution of turnkey projects. The current promoter of the company is IOT Infrastructure & Energy Services Ltd. (IIESL), (erstwhile Indian Oil Tanking Ltd.). IIESL is a joint venture between Oiltanking GmbH, Germany, and Indian Oil Corporation Ltd.

During FY09, SLIL earned PBILDT of Rs.5.9 crore (Rs.7.8 crore in FY08) and PAT of Rs.1.7 crore (Rs.3.7 crore in FY08) on net revenue of Rs.95.4 crore (Rs.111.1 crore in FY08).

As per the working results for 9MFY10, net sales declined by 22.6% from 9MFY09 due to lower recognition of contract revenue. Higher cost of sales and capital charge led to net loss and cash loss in 9MFY10.

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*Press Release*

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