

## Press Release

### PCI Limited (PCIL)

March 26, 2018



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 242.00 Cr.
<b>Long Term Rating</b>	SMERA D
<b>Short Term Rating</b>	SMERA D

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA D** (read as SMERA D) and short term rating of '**SMERA D** (read as SMERA D) on the Rs. 242.00 crore bank facilities of PCI Limited (PCIL).

Incorporated in 1986 by Mr. Surinder Mehta PCIL is the flagship company of the Prime group. The company is engaged in providing technology-related solutions for power sector which includes marketing, distribution and after-sales service support for power testing, maintenance of power conditioning equipment and machine tools. Furthermore, it owns three windmills with combined capacity of 4.5 megawatt in Kutch, Gujarat.

### List of key rating drivers and their detailed description

#### Strengths

#### Long track record of operations and established position

PCI Limited- the flagship company of the Prime group was set up in 1986 by Mr Surinder Mehta who has over three decade of experience in providing technology-related solutions to the power sector. Currently the business is managed by Mr. Surinder Mehta, Mr. Rohan Mehta (son of Mr. Surinder Mehta) and a set of experienced professionals. Being in the market for more than three decade has led to an established position where they are catering to some of the reputed customers namely Uttar Pradesh Power Corporation Limited, Andhra Pradesh State Electricity Board, Reliance Power Limited and Siemens Limited.

#### Weaknesses

#### Established default

Delays were observed in debt servicing by the company. Currently the company has consortium banking arrangement and irregularity has been observed where November term loan instalment and interest is due. Letter of Credit is devolved in December'17. Currently the entity is rated as SMA 1.

#### Operating Level Losses

The company is incurring operating level which stood at Rs 30.14 crs in FY 17 as against losses of Rs 24.10 crs in FY 16. The operating losses are on account of rise of raw material, research and development cost, high selling and marketing expenses which cannot be passed on to customers on account of competitive price pressure from domestic and Chinese players.

## Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profile of PCIL.

## About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	164.92	180.37	290.97
EBITDA	Rs. Cr.	(30.14)	(24.10)	4.16
PAT	Rs. Cr.	23.96	11.54	2.39
EBITDA Margin	(%)	(18.27)	(13.36)	1.43
PAT Margin	(%)	14.53	6.40	0.82
ROCE	(%)	27.47	20.87	33.25
Total Debt/Tangible Net Worth	Times	1.91	2.77	3.93
PBDIT/Interest	Times	2.69	1.73	1.41
Total Debt/PBDIT	Times	2.29	3.05	3.88
Gross Current Assets (Days)	Days	369	297	185

### Status of non-cooperation with previous CRA:

None

### Any other information:

None

### Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Service Entities - <https://www.smerra.in/criteria-services.htm>

Note on complexity levels of the rated instrument: <https://www.smerra.in/criteria-complexity-levels.htm>

### Rating History for the last three years:

Not Applicable

### \*Annexure - Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	NA	NA	NA	27.00	SMERA D
Working Capital Term loan	NA	NA	NA	22.00	SMERA D
Overdraft	NA	NA	NA	65.00	SMERA D
Cash Credit	NA	NA	NA	10.00	SMERA D
Cash Credit	NA	NA	NA	18.00	SMERA D
Bank Guarantee	NA	NA	NA	48.00	SMERA D
Letter of Credit	NA	NA	NA	10.00	SMERA D
Bank Guarantee	NA	NA	NA	10.00	SMERA D
Letter of Credit	NA	NA	NA	16.00	SMERA D
Bank Guarantee	NA	NA	NA	16.00	SMERA D

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