

Press Release

PCI Limited

September 20, 2019

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 242.00 Cr.
Long Term Rating	ACUITE D
Short Term Rating	ACUITE D

* Refer Annexure for details

Rating Rationale

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

PCI Limited (PCIL) was 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

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of PCIL to arrive at the rating.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

PCIL, the flagship company of the Prime Group, was set up in 1986; thus, it has an operational track record of over three decades in the aforementioned line of business. The promoter of the company, Mr. Surinder Mehta, has over three decades of experience in providing technology-related solutions to the power sector. Currently, the day-to-day operations are managed by Mr. Surinder Mehta, Mr. Rohan Mehta (son of Mr. Surinder Mehta) and a set of experienced professionals. Acuite believes that PCIL will sustain its existing business profile on the back of established track record of operations and experienced management.

Weaknesses

- **Delays in debt servicing**

PCIL has been facing significant liquidity pressure, which has impeded its ability to meet its debt obligation in a timely manner. The account has been persistently irregular on account of continuous delays in servicing of its bank facilities.

- **Weak financial risk profile**

The financial risk profile of the company stood weak marked by gearing (debt-equity) of 3.08 times as on 31 March, 2019 (Provisional) as compared to 2.86 times in the previous year. Further, the coverage indicators stood below average marked by low Interest Coverage Ratio (ICR) of 1.35 times in FY2019 (Provisional) as compared to 0.46 times in FY2018. DSCR stood low at 0.82 times in FY2019 (Provisional) as compared to 0.52 times in FY2018. This is mainly due to operating level losses in the past 3 years.

Liquidity Position

The company has stretched liquidity position on account of low NCA (Net Cash Accruals) of Rs. 9.32 crore to its maturing debt obligation of Rs. 18.43 crore. The company has working capital intensive operations, which has led to higher reliance on working capital borrowings resulting in overdrawn in the cash credit account. The current ratio stood low at 0.83 times as on 31 March, 2019 (Provisional).

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	60.67	195.50	164.92
EBITDA	Rs. Cr.	(5.19)	1.53	(30.14)
PAT	Rs. Cr.	2.77	(15.36)	23.96
EBITDA Margin	(%)	(8.55)	0.78	(18.27)
PAT Margin	(%)	4.56	(7.86)	14.53
ROCE	(%)	15.13	2.64	27.47
Total Debt/Tangible Net Worth	Times	3.08	2.86	1.91
PBDIT/Interest	Times	1.35	0.46	2.69
Total Debt/PBDIT	Times	4.56	13.37	2.29
Gross Current Assets (Days)	Days	1182	360	369

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Service Entities - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios and Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
14-March-2019	Cash Credit	Long Term	27.00	ACUITE D (Indicative)
	Working Capital Term loan	Long Term	22.00	ACUITE D (Indicative)
	Overdraft Facility	Long Term	65.00	ACUITE D (Indicative)
	Cash Credit	Long Term	10.00	ACUITE D (Indicative)
	Cash Credit	Long Term	18.00	ACUITE D (Indicative)
	Bank Guarantee	Short Term	48.00	ACUITE D (Indicative)
	Letter of Credit	Short Term	10.00	ACUITE D (Indicative)
	Bank Guarantee	Short Term	10.00	ACUITE D (Indicative)
	Letter of Credit	Short Term	16.00	ACUITE D (Indicative)
	Bank Guarantee	Short Term	16.00	ACUITE D (Indicative)
26-March-2018	Cash Credit	Long Term	27.00	ACUITE D (Assigned)
	Working Capital Term loan	Long Term	22.00	ACUITE D (Assigned)
	Overdraft Facility	Long Term	65.00	ACUITE D (Assigned)
	Cash Credit	Long Term	10.00	ACUITE D (Assigned)
	Cash Credit	Long Term	18.00	ACUITE D (Assigned)
	Bank Guarantee	Short Term	48.00	ACUITE D (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE D (Assigned)
	Bank Guarantee	Short Term	10.00	ACUITE D (Assigned)
	Letter of Credit	Short Term	16.00	ACUITE D (Assigned)
	Bank Guarantee	Short Term	16.00	ACUITE D (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	27.00	ACUITE D (Reaffirmed)
Working Capital Term loan	Not Applicable	Not Applicable	Not Applicable	22.00	ACUITE D (Reaffirmed)
Overdraft Facility	Not Applicable	Not Applicable	Not Applicable	65.00	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	18.00	ACUITE D (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	48.00	ACUITE D (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	16.00	ACUITE D (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	16.00	ACUITE D (Reaffirmed)

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About Acuité Ratings & Research:

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