

Press Release

PM Control Equipment Private Limited

July 10, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.21 Cr.
Long Term Rating	ACUITE D

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE D**' (read as **ACUITE D**) on the Rs. 6.21 crore bank facilities of PM Control Equipment Private Limited.

P M Control Equipment Private Limited (PMCE), a West Bengal based company was established in 2001. Previously, the company was a proprietorship concern by the name of 'Power Management' from 1991 till 2001, later the constitution of the company changed. The company is engaged in manufacturing of High Tension, Low Tension, customised panel boards and switch gears for different industries.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

P M Control Equipment Private Limited (PMCE) was established in 2001 by Mr. Somnath Sengupta is a private limited entity. But the company had been in existence from 1991 as a proprietorship concern named Power Management. The promoter of the company is having an experience of more than three decades in the electrical industry. Hence, long track record of operations and experienced management has helped the company to maintain healthy relationships with the customers. Moreover, some of the reputed customers of the company includes names like - Tata Steel and Distribution Limited, Schneider Electric Infrastructure Limited to name a few.

Weaknesses

- **Ongoing delays in repayment of debt obligations**

The company's banking account conduct is irregular. There are ongoing delays of more than 60 days in repayment of principal and interest repayments for last 3 months.

- **Below average financial risk profile**

PMCEPL has below average financial risk profile marked by low net worth, high gearing and low debt protection measures. The net worth stood at Rs.2.77 crore as on 31 March, 2018 (Provisional) as against Rs.3.36 crore as on 31 March, 2017. The gearing (debt-to-equity) stood at 2.35 times as on 31 March, 2018 (Provisional) as against 1.87 times as on 31 March, 2017. Total debt of Rs.6.53 crore mainly comprises of long term debt of Rs.3.92 crore and working capital borrowings of Rs.2.61 crore as on 31 March 2018 (Provisional). Interest Coverage Ratio (ICR) stood at 1.27 times for FY2018 (Provisional) against 2.47 times for FY2017. NCA/ TD stood at 0.04 times for FY2018 (Provisional) against 0.31 times for FY2017.

- **Working capital intensive nature of operations**

The company has Gross Current Assets of 311 days as on 31 March, 2018 (Provisional) as against 277 days in the previous year. This is on the account of increase in inventory days to 133 days in FY2018 (Provisional) as against 42 days in the previous year. Further, the collection period also stood high at 153 days for the period under study. Further, there are instances of prepayments of term loan repayments in past.

Analytical Approach

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

Outlook:

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	8.70	13.18	13.91
EBITDA	Rs. Cr.	1.25	-1.16	-0.89
PAT	Rs. Cr.	-0.59	0.98	-2.70
EBITDA Margin	(%)	14.36	-8.83	-6.38
PAT Margin	(%)	-6.74	7.43	-19.39
ROCE	(%)	4.24	20.90	-9.19
Total Debt/Tangible Net Worth	Times	2.35	1.87	3.06
PBDIT/Interest	Times	1.27	2.47	-0.57
Total Debt/PBDIT	Times	5.23	2.09	-8.78
Gross Current Assets (Days)	Days	311	277	292

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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)

Not Applicable

*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	2.50	ACUITE D
Term loans	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE D
Term loans	Not Applicable	Not Applicable	Not Applicable	1.70	ACUITE D
Term loans	Not Applicable	Not Applicable	Not Applicable	0.26	ACUITE D
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.25	ACUITE D

Contacts

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About Acuité Ratings & Research:

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