ICRA

July 31, 2019

Power Mech Projects Limited: Ratings Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. Crore)	Rating Action
Fund-based Limits – Cash Credit	250.0	250.0	[ICRA]A-(Stable); Withdrawn
Non-Fund Based Limits – Long Term/Short Term	1000.0	1000.0	[ICRA]A-(Stable)/[ICRA]A2+; Withdrawn
Total	**1250.0**	**1250.0**	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the long-term rating of [ICRA]A-(Stable) (pronounced ICRA A minus with a Stable outlook) and short-term rating of [ICRA]A2+ (pronounced ICRA A two plus) assigned to the Rs. 1250.0 crore bank facilities of Power Mech Projects Limited (PMPL). The ratings have been withdrawn based on the request from the company and no-objection certificates received from the lenders. ICRA does not have information to suggest any change in the credit risk since the time the rating was last reviewed.

Outlook: Not Applicable

Key rating drivers: Not Applicable

Key rating drivers have not been captured since the ratings have been withdrawn.

Liquidity Position: Not Applicable

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Policy on Withdrawal and Suspension of Credit Rating Corporate Credit Rating Methodology
Parent/Group Support	NA
Consolidation / Standalone	NA

About the company:

Incorporated in 1999, PMPL is an engineering and construction services company focussed on power and infrastructure industries. Until FY2016, the company largely provided services to power sector entities under three major divisions namely [a] erection, testing and commissioning (ETC) of boiler, turbine and generator (BTG) and balance of plant (BoP), [b] civil work and [c] operations and maintenance of power plants. However, from FY2017 onwards, the company has expanded its service offerings to non-power segments such as Railways, Transmission & Distribution, Development of Industrial Buildings, etc., Promoted by Mr. S. Kishore Babu, the company is based out of Hyderabad and has executed major projects across India for various clients such as BHEL, NTPC Limited, independent power producers and state generation utilities. The company also has presence in Middle East and Africa via subsidiaries.

In FY2019, at a consolidated level, the company reported a net profit of Rs. 143.2 crore on an operating income(OI) of Rs. 2261.3 crore as compared to net profit of 90.8 crore on OI of Rs. 1547.8 crore for FY2018.

Key financial indicators:

	FY2018	FY2019
Operating Income (Rs. crore)	1547.8	2261.3
PAT (Rs. crore)	90.8	143.2
OPBDIT/ OI (%)	13.07%	12.86%
RoCE (%)	18.40%	NA
Total Debt/ TNW (times)	0.43	0.44
Total Debt/ OPBDIT (times)	1.4	1.2
Interest coverage (times)	5.6	5.3

Source: Audited financials

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2020) Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating July 2019	Chronology of Rating History for the past 3 years: Date & Rating in FY2019 April 2018	Date & Rating in FY2018 Dec 2017	Date & Rating in FY2017 April 2016
1	Fund-based Limits	Long Term	250.00		[ICRA]A- (Stable)Withdrawn	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)
2	Non-fund Based Limits	Long Term/Short Term	1000.00		[ICRA]A- (Stable)/[ICRA] A2+ Withdrawn	[ICRA]A- (Stable)/[ICRA] A2+	[ICRA]A- (Stable)/[ICRA] A2+	[ICRA]A- (Stable)/[ICRA] A2+
3	Term Loan	Long Term					[ICRA]A- (Stable)	
4	Unallocated Limits	Long Term/Short Term					ICRA]A- (Stable)/[ICRA] A2+	

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based Limits	NA	NA	NA	250.00	[ICRA]A-(Stable) Withdrawn
NA	Non-Fund Based Limits Long Term/Short Term	NA	NA	NA	1000.00	[ICRA]A-(Stable)/[ICRA]A2+ Withdrawn

Source: Power Mech Projects Limited

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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