



## Press Release

### Mitcon Consultancy & Engineering Services Limited

Sep 12<sup>th</sup> , 2022

#### Ratings

Instrument Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term Bank Facilities – CC/BG	22.00	IVR BB+ /Stable Outlook (Pronounced as IVR Double B Plus with Stable Outlook)	Upgraded & removed from INC	Simple
<b>Total</b>	<b>22.00</b> <b>(Twenty Two Crores Only)</b>			

**Details of Facilities are in Annexure 1**

#### Detailed Rationale

The rating upgraded and removed from Issuer Not Co-opertaing to the bank facilities of MITCON Consultancy & Engineering Services Limited continue to draw comfort from its established presence and track record in providing consultancy service across diverse sectors and reputed clientele from both public and private sector and adequate operating cycle. The rating also factors its modest scale of operations and profitability. However, these rating strengths are partially offset by significant increase in financial support extended to subsidiaries and intense competition from existing players.

#### Key Rating Sensitivities:

##### Upward Factors

- Substantial improvement in scale of operation.
- Improvement in debt protection metrics
- Sustenance of the overall gearing
- Reduction in Financial exposure to Group Companies.

##### Downward Factors

- Significant reduction in scale of operation and profitability margins.
- Decline in commensurate returns from its investments in various subsidiaries.



## Press Release

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

**Established presence and track record in providing consultancy services across diverse sectors** -With experienced and well qualified management, MITCON has gained proficiency in providing corporate solutions in Power Generation, Energy Efficiency, Renewable Energy, Ethanol, Distillery, Climate change and Environment Management Sector. Over the years, MITCON has diversified into providing services to Banking, Infrastructure, Textile and Biotechnology Sectors. The company's diversification into the engineering, procurement and construction (EPC) space for solar projects have helped diversify its revenue base, as the EPC for the projects was carried out by MITCON.

**Reputed clients from both public and private sector:** MITCON has provided consultancy services to various projects from diverse sectors. Its clientele includes reputed customers both from the public and private sectors. The company is empanelled with Maharashtra Electricity Regulatory Commission (MERC) as Technical Consultant for Energy Efficiency and Evaluation of Capex DPR. MITCON has signed MOU with "TOPAAZ intercom private limited" to undertake different projects to work in symbiosis and expand business activities of Chhattisgarh, India. MITCON has also become an Approved Training Partner of National Skill Development Corporation (NSDC). It has also empanelled with **REC Power Distribution Company Ltd** as "Owner's Engineer for Solar PV Plants. MITCON is empanelled with "Bank of India " for LIE services. MITCON has been empanelled with **Punjab National bank** as a outside Consultant for the preparation of Techno- Economic Viability Report for all sectors. **MITCON Consultancy & Engineering Services Ltd.**" has been empanelled with **Indian Banks' Association (IBA)** as an **Agency for Specialised Monitoring (ASM)**. These recent empanelment and recent acquisition of M/s. Shrikhande Consultants Pvt Ltd. will increase the spectrum of consultancy activities of MITCON.



## Press Release

**Modest scale of operation and profitability:** The total operating income has increased from Rs. 60.69 Cr. in FY21 to Rs. 106.50 cr. in FY22. The reason for growth in revenue is a result of increase in operating income from Project Services, which increased from Rs. 15.24 Cr. in FY21 to Rs. 48.34 Cr. in FY22. The revenue from consultancy fees has also shown an increase from Rs. 34.43 Cr. in FY21 to Rs. 45.82 Cr. in FY22. The EBITDA has shown a substantial improvement from Rs.8.02 Cr. in FY21 to Rs. 16.15 Cr. in FY22. However, the finance cost has increased marginally on consolidated basis from Rs. 7.71 Cr. in FY21 to Rs. 8.29 Cr. in FY22 which does not impact much and the PAT increased to Rs. 4.41 Crore from operating loss of Rs. 1.80 Cr.

**Adequate working capital cycle:** The working capital cycle improved & stood at 87 days in FY 22 against 211 days in FY21 owing to improved collection period to 136 days in FY22 as against 268 days in FY21. It is mainly due to due to early receipt in receiving payments from government entities & private entities

### Key Rating Weaknesses

**Significant increase in financial support extended to subsidiaries:** MITCON has extended financial support to its subsidiaries in the form of investments in equity and inter corporate loan and advances, mainly to support the solar power projects which are capital intensive in nature. During the year Company has also acquired 100% stakes of M/s. MITCON Envirotech Limited Ltd., MITCON Asset Management Company Pvt. Ltd, MSPL Unit 2 & Unit 3 Limited and 74% stakes in MSPL Unit 1 Limited. MITCON has also provided corporate and financial guarantee to its subsidiaries. Although these investments help diversify its revenue base, commensurate returns and the ability to consistently run the solar projects under desired parameters will be critical for the consolidated financial profile.

**Competition from existing players:** Numerous market participants and increasing market entrants with a variety of project deliverables have let organizations with an



## Press Release

option to choose the right consulting firm for right prices for a particular project. Smaller and emerging consultancy companies face the challenge of gaining market share. Hence, the consultancy industry has intense competition from various competitors that seek to provide consultancy services.

**Analytical Approach:** Consolidated.

MITCON have various wholly owned subsidiaries which operates in same line of business and where MITCON have extended financial support in the form of intercorporate loans, long term loan and advances and corporate and financial guarantees. IVR have considered a consolidated approach for conducting the rating exercise. Details of subsidiaries provided as per annexure 2.

**Applicable Criteria :**

[Rating Methodology for Service Sector entities](#)  
[Financial Ratios & Interpretation Non- Financial Sector](#)  
[Criteria of assigning rating outlook](#)

**Liquidity – Adequate**

The liquidity position of the company is expected to remain adequate as the company is expected to generate steady cash accruals as against its scheduled debt repayment obligation during FY23-25. The company is expected to earn Gross Cash Accruals (GCA) of Rs.13.93 crores in FY23 as against its repayment obligation of Rs.8.92 crores. Also, the company's current ratio stands at 2.09x. Working capital utilization of company stood at ~49% during past 8 months ended March 2022.

**About the Firm**

MITCON Consultancy and Engineering Services Private Limited was formed jointly in the year 1982 by various banks, financial institutions and state government development



## Press Release

corporations. The company is engaged in providing corporate solutions, consultancy and engineering 5 services to various sectors like power generation, energy efficiency, renewable energy, ethanol, distillery, climate change and environmental management. MITCON is headquartered at Pune, Maharashtra and have presence across the country through their regional offices at Mumbai, New Delhi, Ahmedabad, Chennai, Bangalore, Amravati, Nanded and Nagpur.

### Financials (Consolidated):

(Rs. crore)

For the year ended* As on	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	60.69	106.50
EBITDA	8.02	16.15
PAT	-1.80	4.41
Total Debt	77.02	88.16
Tangible Net worth*	88.91	84.77
EBITDA Margin (%)	13.21	15.16
PAT Margin (%)	-2.84	4.09
Overall Gearing Ratio (x)	0.87	1.04

\*as per Infomerics standards

### Financials (Standalone):

For the year ended* As on	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	31.56	76.97
EBITDA	-4.23	5.41
PAT	-2.11	2.18
Total Debt	7.74	14.15
Tangible Net worth*	101.34	98.68
EBITDA Margin (%)	-13.42	7.02
PAT Margin (%)	-6.05	2.75
Overall Gearing Ratio (x)	0.08	0.14

\*as per Infomerics standard

**Status of non-cooperation with previous CRA :** ICRA Ratings in its press release dated May 25<sup>th</sup> , 2022 has continued to place the rating of Mitcon Consultancy & Engineering Services Limited under Issuer Not Cooperating category due to non-availability of information.

**Any other information:** Nil



## Press Release

### Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2022-23)				Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 Date: 02 <sup>nd</sup> June, 2022	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21 Date : March 26 <sup>th</sup> , 2021	Date(s) & Rating(s) assigned in 2019-20 Date : 20 <sup>th</sup> Feb, 2020
1	Cash Credit	Long Term	6.00	IVR BB+ /Stable Outlook (Pronounced as IVR Double B Plus with Stable Outlook)	IVR A4/(INC) (Pronounced as IVR Single A Four with Issuer Non Co-operating)	-	IVR A4+ /Stable Outlook (Pronounced as Single A Four Plus with Stable Outlook)	-
2	Bank Guarantee	Long Term	16.00	IVR BB+ /Stable Outlook (Pronounced as IVR Double B Plus with Stable Outlook)	IVR A4/(INC) (Pronounced as IVR Single A Four with Issuer Non Co-operating)	-	IVR A4+ /Stable Outlook (Pronounced as Single A Four Plus with Stable Outlook)	-

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).





## Press Release

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://www.infomerics.com)

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit				6.00	IVR BB+ /Stable Outlook (Pronounced as IVR Double B Plus with Stable Outlook)
Long Term Bank Facilities – Bank Guarantee				16.00	IVR BB+ /Stable Outlook (Pronounced as IVR Double B Plus with Stable Outlook))

### Annexure 2: List of companies considered for consolidated analysis:

Company Name	Consolidation Approach
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## Press Release

MITCON Sun Power Limited (MSPL)	Full Consolidation
Krishna Windfarms Developers Private Limited (KWPL)	Full Consolidation
MITCON Credentia Trusteeship Services Limited (MTSL)	Full Consolidation
MITCON Advisory Services Private Limited (MASPL)	Full Consolidation
MITCON Envirotech Limited	Full Consolidation
MITCON Solar Alliance Limited (MSAL)	Full Consolidation
MSPL Unit 1 Limited	Full Consolidation
MSPL Unit 2 Limited	Full Consolidation
MSPL Unit 3 Limited	Full Consolidation
Shrikhande Consultants Pvt Ltd	Full Consolidation
MITCON Asset Management Company Private Limited	Full Consolidation

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/Len-Mitcon-Consultancy-sep22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com)