



## Press Release

### Patel Engineering Limited

August 26, 2022

#### Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Fund Based Facility - Cash Credit	1072.55	IVR BBB-; ISSUER NOT COOPERATING	Reaffirmed and moved to ISSUER NOT COOPERATING category	Simple
Long Term Fund Based Facility – Working Capital Term Loan	148.20	IVR BBB-; ISSUER NOT COOPERATING	Reaffirmed and moved to ISSUER NOT COOPERATING category	Simple
Long Term Fund Based Facility – OCD	482.32	IVR BBB-; ISSUER NOT COOPERATING	Reaffirmed and moved to ISSUER NOT COOPERATING category	Complex
Long Term Fund Based Facility – Term Loan (COVID-19 Sanction)	21.09	IVR BBB-; ISSUER NOT COOPERATING	Reaffirmed and moved to ISSUER NOT COOPERATING category	Simple
Short Term Fund Based Facility - STL	46.10	IVR A3; ISSUER NOT COOPERATING	Reaffirmed and moved to ISSUER NOT COOPERATING category	Simple
Short Term Non Fund Based Facilities – LCs /BGs	4250.43	IVR A3; ISSUER NOT COOPERATING	Reaffirmed and moved to ISSUER NOT COOPERATING category	Simple
<b>Total</b>	<b>6020.70</b>			

*\*Issuer did not cooperate; based on best available information*

**Details of Facilities are in Annexure 1**

**Detailed Rationale**



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The revision in the ratings assigned to the bank facilities of Patel Engineering Limited reflects lack of adequate information available about the performance of the company and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the rating revision.

### **Note on non-cooperation**

Infomerics has repeatedly followed up with the company to provide information to monitor the ratings vide emails August 10, 2022 & August 24, 2022 along with telephonic conversations. However, despite repeated requests, the company has failed to submit data for review.

Availability of information is very critical in rating exercise. In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics has moved the ratings assigned to the bank loan facilities of Patel Engineering Limited aggregating to INR 6020.70 crore to the 'ISSUER NOT COOPERATING' category. The rating is now denoted as IVR BBB-; ISSUER NOT COOPERATING for the long-term bank facilities and IVR A3; ISSUER NOT COOPERATING for the short-term bank facilities.

**Analytical Approach:** Standalone Approach

### **Applicable Criteria:**

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on Issuer not cooperating and surveillance/review of existing rating](#)

### **About the Company**

Incorporated in 1949, Patel Engineering Ltd (PEL) is one of the oldest players in the civil engineering and construction segment. The company executes civil construction for both Government entities as well as private players. Over the years, it has executed various types



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of road and highway construction projects along with civil works like dams, tunnels, irrigation projects, refineries, hydroelectric projects, water treatment projects, and so on. As on date, the company has completed construction of around 84 dams, 40 hydroelectric projects and 33 tunnelling projects with around 230 kilometres of tunnelling undertaken. The company's real estate segment also forms an integral part of its operations wherein it holds several land parcels.

### Financials (Standalone):

For the Year ended as on	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Operating Income	1,719.12	3,027.79
EBITDA	168.85	458.00
PAT	-138.39	52.51
Total Debt	1,909.11	1,990.71
Tangible Net-worth (Book TNW)	2,299.71	2,346.49
<b>Ratios</b>		
EBITDA Margin (%)	9.82	15.13
PAT Margin (%)	-7.43	1.66
Overall Gearing Ratio (x)	0.83	0.84

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** None

**Any other information:** Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (Aug 27, 2021)	Date(s) & Rating(s) assigned in 2021-22 (April. 19, 2021)	Date(s) & Rating(s) assigned in 2020-21 (Nov 12, 2020)	Date(s) & Rating(s) assigned in 2019-20 (Oct 04, 2019)
1.	Cash Credit	Long Term	1,072.55	IVR BBB-; ISSUER NOT COOPERATING	IVR BBB-; Credit Watch With Developing Implications	IVR BB+; Credit Watch With Developing Implications	IVR BBB; Credit Watch With Developing Implications	IVR BBB; Positive
2.	Working Capital Term Loan	Long Term	148.20	IVR BBB-; ISSUER NOT COOPERATING	IVR BBB-; Credit Watch With Developing Implications	IVR BB+; Credit Watch With Developing Implications	IVR BBB; Credit Watch With Developing Implications	IVR BBB; Positive
3.	OCD	Long Term	482.32	IVR BBB-; ISSUER NOT COOPERATING	IVR BBB-; Credit Watch With Developing Implications	IVR BB+; Credit Watch With Developing Implications	IVR BBB; Credit Watch With Developing Implications	IVR BBB; Positive
4.	Term Loan	Long Term	21.09	IVR BBB-; ISSUER NOT COOPERATING	IVR BBB-; Credit Watch With Developing Implications	IVR BB+; Credit Watch With Developing Implications	IVR BBB; Credit Watch With Developing Implications	IVR BBB; Positive
5.	STL	Short Term	46.10	IVR A3; ISSUER NOT COOPERATING	IVR A3; Credit Watch With Developing Implications	IVR A4+; Credit Watch With Developing Implications	IVR A3+; Credit Watch With Developing Implications	IVR A3+
6.	LC/BGs	Short Term	4,250.43	IVR A3; ISSUER NOT COOPERATING	IVR A3; Credit Watch With Developing Implications	IVR A4+; Credit Watch With Developing Implications	IVR A3+; Credit Watch With Developing Implications	IVR A3+
Total								

\*Issuer did not cooperate; based on best available information

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About Infomerics:



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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).

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)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

**Annexure 1: Details of Facilities: Not Applicable**

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details: Not Applicable**

**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)