



## Press Release

### Mectech Process Engineers Private Limited

**March 10, 2025**

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	5.50	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	<a href="#">Simple</a>
Short Term Bank Facilities	26.50	IVR A3 (IVR A Three)	-	Assigned	<a href="#">Simple</a>
Short Term/Long Term Bank Facilities - Proposed	28.00	IVR BBB-/Stable/A3 (IVR Triple B Minus with Stable Outlook and IVR A Three)	-	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>60.00</b>	<b>Rupees Sixty Crore Only</b>			

**Details of Facilities/Instruments are in Annexure 1.**

**Facility wise lender details are at Annexure 2.**

**Detailed explanation of covenants is at Annexure 3.**

#### **Detailed Rationale**

Infomerics Ratings has assigned its rating for long term facilities as IVR BBB- with Stable outlook and short-term rating as IVR A3 for the bank facilities of Mectech Process Engineers Private Limited.

The rating draws comfort from the experienced promoters with established track record of operations, reputable client base and healthy order book, and comfortable financial risk profile. However, these strengths are partially offset by exposure to fluctuations in raw material prices, working capital intensive nature of operations, exposure to competitive and cyclical industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that the Mectech Process Engineers Private Limited's business & financials risk profile will be maintained over the medium term on the back of its healthy order book and reputable client base.



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IVR has principally relied on the audited financial results of Mectech Process Engineers Private Limited up to FY24 (refers to period from April 01, 2023 to March 31, 2024) and projected financials for FY25, FY26 and FY27, along with publicly available information/ clarifications provided by the company's management.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Healthy and sustained improvement in its total operating income above Rs. 200 crore and the operating margin sustain above 9%.
- Improvement in working capital cycle.

#### **Downward Factors**

- Decline in scale of operations leading to a fall in revenue and profitability margin below 3%.
- Increase in working capital requirements weakening the liquidity risk profile.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced Promoters with Established Track Record of Operations**

The company is currently managed by Mr. Ishwar Sahai, the Promoter and Chairman. He is a chemical engineer with over 40 years of experience in the global vegetable oil industry. He is supported by his son, Mr. Ankoor Sahai, who holds MBA degree with 25 years of professional experience in both the garments & fashion industry and the vegetable oil sector. He has expertise in business strategy, product development, negotiation, project planning, and marketing strategy. The company has successfully completed over 600 projects in more than 26 countries, including in Sri Lanka, Nepal, Costa Rica, and Romania. The company also owns unique technologies and patents that give it a competitive edge in securing orders over other competitors.

##### **Reputable Client Base and Healthy Order Book Position**

Mectech Process Engineers Private Limited has developed strong associations and relations with its clients, helping them securing repeat orders from its customers. Major customers include Adani Wilmar Ltd., Emami Agrotech Ltd., Ruchi Soya Industries, Gokul Agro Resources Ltd., and also client base from Iraq, Samar, Iraq, Novin Banj Kaveh, Iran, etc. Their proven execution capabilities and the latest



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technology have ensured constant order flow. The company has an order book of Rs.180.96 crore as on December 2024, to be executed in next 12-24 months.

### **Comfortable Financial Risk Profile**

The capital structure is supported by net worth of Rs 34.28 crore against debt of Rs. 5.27 crore with healthy gearing of 0.15 times as on March 31, 2024. The total outside liabilities to adjusted tangible networth (TOL/ANW) ratio of 1.75 times on March 31, 2024. Debt protection metrics is comfortable, with interest coverage at 9.96 times and DSCR stood at 5.97 times for FY24. The financial risk profile will remain comfortable on the back of steady accretion to reserve with stable profitability, and low reliance on external debt.

### **Key Rating Weaknesses**

#### **Exposure to Fluctuations in Raw Material Prices**

Mectech's primary raw material is iron and steel, making up about 62% of its operating income. The prices of these materials can fluctuate greatly due to global demand and supply changes, exposing the company to potential adverse price movements.

#### **Working Capital Intensive Nature of Operations**

Mectech's working capital operations are intensive in nature as reflected through the gross current assets (GCA) of 177 days in FY24 as compared to 155 days in FY23. The operating cycle of the company is 82 days, leading due to high inventory period of 67 days in FY24 compared to 69 days in FY23. The company receives advance payments depending upon the completion of project stages based on a Performa invoice. However, there are few large clientele base, to whom it gives a credit period of 30-40 days. And the credit period for its suppliers is 15-20 days.

#### **Exposure to Competitive and Cyclical Industry**

The company operates in the competitive and cyclical Oil & Fats, Biodiesel, Chemical industries. The demand for equipment rises during periods of high oil prices and exploration activity, but may drop significantly during downturns, impacting revenue and profitability.

#### **Analytical Approach: Standalone**



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### **Applicable Criteria:**

[Rating Methodology for Infrastructure Companies.](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

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

### **Liquidity: Adequate**

The company has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The Company generated net cash accruals of Rs.9.12 crore for FY24 while its maturing debt obligations were Rs. 2.29 crore for the same period. The cash accruals of the Company are estimated to remain in the range of around Rs. 12.27 crore to Rs.17.82 crore as against debt obligation of Rs.0.51 crore to Rs.0.27 crore during FY 2025- 27. The current ratio stood at 1.18x as on March 31st, 2024. The company's liquidity position is also supported by cash and bank balances of Rs.6.63 crore as on March 31, 2024. Additionally, the company has not used cash credit and packaging credit facility during the last 12 months.

### **About the Company**

Mectech Process Engineers Pvt Ltd. is an EPC Company, undertakes turnkey projects, supplies equipment's & Machineries for Oil & Fats. Mectech has been serving the Oils & Fats Industry not only in India but globally since 1980.

The company has successfully supplied over 600 projects worldwide. All the manufacture and supply projects remain in compliance with international standards such as ASME and CE. Their business model is designed around a combination of technical expertise in process design and manufacturing. The company provides a wide range of services and products, including vegetable oil extraction, vegetable oils pretreatment, vegetable oils refining, oil & fat modifications, biodiesel production etc.



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### Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	119.30	138.28
EBITDA	4.88	11.36
PAT	3.23	6.70
Total Debt	1.73	5.27
Tangible Net Worth	27.61	34.28
EBITDA Margin (%)	4.09	8.22
PAT Margin (%)	2.66	4.81
Overall Gearing Ratio (x)	0.06	0.15
Interest Coverage (x)	4.24	9.96

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
1.	Fund Based	Long Term	5.50	IVR BBB-/Stable	-	-	-
2.	Fund Based	Short Term	3.50	IVR A3	-	-	-
3.	Non-Fund Based	Short Term	23.00	IVR A3	-	-	-
4.	Non- Fund Based – Proposed	Short/Long Term	28.00	IVR BBB-/Stable/A3	-	-	-



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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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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: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	5.50	IVR BBB- /Stable
PC/PCFC	-	-	-	-	3.50	IVR A3
Bank Guarantee	-	-	-	-	17.00	IVR A3
Letter of Guarantee	-	-	-	-	6.00	IVR A3
Bank Guarantee – Proposed	-	-	-	-	28.00	IVR BBB- /Stable/A3

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-mectech-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/Combined analysis:** 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).