

IMP Powers Limited

August 28, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating	Rating Action
Long-term Bank Facilities	284.76 (reduced from 374.53)	CARE D (Single D)	Reaffirmed and removed from Issuer Not Cooperating
Short-term Bank Facilities	98.30 (reduced from 130)	CARE D (Single D)	Reaffirmed and removed from Issuer Not Cooperating
Total Facilities	383.06 (Rs. Three hundred Eighty three crore and Six lakh only)		

Details of facilities in Annexure-1

Detailed Rationale and Key Rating Drivers

CARE had in March 2020, in line with the extant SEBI guidelines, reviewed the rating of IMP Powers Limited (IMP) on the basis of best available information. The ratings were placed in the Issuer Not Cooperating (INC) category on account of non-payment of fees by the company as agreed in the Rating Agreement. However, the company has paid the fees. CARE has carried out a full review of the ratings and the ratings stand at CARE D.

The ratings assigned to the bank facilities of IMP takes into account continuous overdrawl in the cash credit limits and also numerous instances of LC devolvement for more than 30 days due to its strained liquidity position.

Rating Sensitivities:

Positive factors

- Improvement in liquidity position resulting in satisfactory track record of repayment of term debt, less than 100% utilisation of fund-based limits and no LC devolvement or invocation of BG on a sustained basis.

Key Rating Weakness:

Instances of delays in debt servicing, more than 100% utilisation of fund-based limits and numerous instances of LC devolvement for more than 30 days due to its stretched liquidity position. The company has term debt obligations against negative gross cash accruals. The company's interest coverage ratio stood at 0.54x for FY20. The company's operating cycle remains stretched at 215 days in FY20 owing to higher inventory period.

Liquidity: Poor

The company has negative cash accruals against repayment obligations. The company's working capital facility is utilised more than 90% for past 12 months ended May 2020. The company has availed moratorium (both tranches) as prescribed by Reserve Bank of India (as a relief measure due to impact of COVID-19) on all of its facilities. The company as on March 31, 2020 had cash and cash equivalents of Rs.0.20 crore.

Analytical approach: Standalone

Applicable criteria

[CARE's policy on default recognition](#)

About the Company

Incorporated in 1961 and promoted by Mr. Ramniwas R. Dhoot, IMP Powers Ltd. (IPL) is engaged in the manufacturing of an entire range of transformers. The company has its manufacturing facility at Silvassa, for manufacturing of transformers ranging from 1 MVA to 315 MVA, up to 400 kV Class with an installed capacity of 16,000 MVA (Mega Volt-Ampere) as on March 31, 2020.

IPL incorporated a subsidiary company 'IMP Energy Limited' (IEL) in August 2012. IEL is engaged in complete EPC work of small hydro power (SHP) business. The Company sets up small hydro power plants of upto 5 MW capacity and does the entire EPC work.

Brief Financials (Rs. Crore)	FY19 (Audited)	FY20 (Abridged)
Total operating income	414.25	266.67
PBILDT	37.77	16.69
PAT	1.97	-14.25
Overall gearing (times)	1.92	2.64
Interest coverage (times)	1.33	0.54

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	FY23	34.00	CARE D
Non-fund-based - ST-Letter of credit	-	-	-	58.30	CARE D
Fund-based - LT-Cash Credit	-	-	-	103.64	CARE D
Non-fund-based - LT-Bank Guarantees	-	-	-	147.12	CARE D
Non-fund-based - ST-Letter of credit	-	-	-	40.00	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Term Loan-Long Term	LT	34.00	CARE D	1)CARE D; ISSUER NOT COOPERATING* (03-Apr-20)	1)CARE D (19-Feb-20) 2)CARE BB+; Stable (27-Aug-19)	1)CARE BBB-; Stable (08-Oct-18) 2)CARE BBB-; Stable (31-Aug-18)	1)CARE BB+; Stable (06-Mar-18)
2.	Non-fund-based - ST-Letter of credit	ST	58.30	CARE D	1)CARE D; ISSUER NOT COOPERATING* (03-Apr-20)	1)CARE D (19-Feb-20) 2)CARE A4+ (27-Aug-19)	1)CARE A3 (08-Oct-18) 2)CARE A3 (31-Aug-18)	1)CARE A4+ (06-Mar-18)
3.	Fund-based - LT-Cash Credit	LT	103.64	CARE D	1)CARE D; ISSUER NOT COOPERATING* (03-Apr-20)	1)CARE D (19-Feb-20) 2)CARE BB+; Stable (27-Aug-19)	1)CARE BBB-; Stable (08-Oct-18) 2)CARE BBB-; Stable (31-Aug-18)	1)CARE BB+; Stable (06-Mar-18)
4.	Non-fund-based - LT-Bank	LT	147.12	CARE D	1)CARE D; ISSUER NOT COOPERATING*	1)CARE D (19-Feb-	1)CARE BBB-;	1)CARE BB+;

	Guarantees				(03-Apr-20)	20) 2)CARE BB+; Stable (27-Aug- 19)	Stable (08-Oct- 18) 2)CARE BBB-; Stable (31-Aug- 18)	Stable (06-Mar- 18)
5.	Non-fund-based - ST-Letter of credit	ST	40.00	CARE D	1)CARE D; ISSUER NOT COOPERATING* (03-Apr-20)	1)CARE D (19-Feb- 20) 2)CARE A4+ (27-Aug- 19)	1)CARE A3 (08-Oct- 18) 2)CARE A3 (31-Aug- 18)	1)CARE A4+ (06-Mar- 18)

Annexure-3: Detailed explanation of covenants of the rated facilities - NA
Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - LT-Bank Guarantees	Simple
3.	Non-fund-based - ST-Letter of credit	Simple
4.	Term Loan-Long Term	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mr. Mradul Mishra
Contact no. – 022 6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact

Mr. Parijat Sinha
Contact no. – 097693 98029
Email ID – parijat.sinha@careratings.com

Relationship Contact

Mr. Saikat Roy
Contact no. – 022 6754 3404
Email ID – saikat.roy@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.