



## Press Release

### Pressmach Infrastructure Private Limited (PIPL)

April 28, 2020

#### Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crores)	Rating Assigned
1.	Long Term Facility – Fund Based – Cash Credit	9.00	IVR BB/Stable Outlook (IVR Double B with Stable Outlook)
2.	Long Term/Short Term Facility – Non Fund Based – Bank Guarantee	2.00	IVR BB/Stable Outlook (IVR Double B with Stable Outlook)/IVR A4 (IVR A Four)
3.	Proposed Long Term/Short Term Facility – Non Fund Based – Bank Guarantee	4.00	IVR BB/Stable Outlook (IVR Double B with Stable Outlook)/IVR A4 (IVR A Four)
	<b>Total</b>	<b>15.00</b>	

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The rating derives strength from the Extensive experience of promoters and established relationships, Reputed client base and Moderate Financial Risk profile. However, these strengths are partially offset by Working Capital Intensive Operations and Competitive & Fragmented Industry.

#### Key Rating Sensitivities

- **Upward rating factor(s)** – Substantial improvement in scale of operations while maintaining profitability and substantial improvement in the capital structure.
- **Downward rating factor(s)** - Substantial stretch in working capital cycle and/or weakening of financial risk profile



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### List of key rating drivers with detailed description

#### Key Rating Strengths

##### **Extensive experience of promoters and established relationships**

The promoters Mr. C.A Sunny and Mr. Mathew Varghese are having experience of about four decades in the pre- engineering/Pre-fabrications and civil construction industry. The extensive experience and healthy relationships with customers and suppliers leads to strengthening the overall business and profitability. The company will continue to benefit from its established presence, technical expertise and extensive experience of the management in the particular industry.

##### **Reputed client base**

The company is having a vintage of around 3 decades leading to established relationship with the reputed client such as BHEL, All India Radio, NLC India Limited, Central Publics Work Department, L&T, RITES Limited etc. from whom they are getting the repeat orders.

##### **Moderate financial risk profile:**

The company scale of operations remains moderate with revenue of Rs.32.09 crore in FY19 (FY18: Rs.38.82 crore). The marginal decline in the revenue results from the type and size of orders executed. However, during the same period EBITDA margin improved to 15.20% (11.90%). The overall gearing is moderate at 2.71x (2.69x). Infomerics expects overall financial profile to improve in FY21 as the company expects for FY21 the EBITDA margin of around 25%.



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### **Key Rating Weaknesses**

#### **Working capital intensive operations:**

Operations of PIPL are working capital intensive due to the elongated receivables & inventory days. The debtor days stood high at 180 days in FY2019 as against 135 days in FY2018. Further, inventory holding period stood at 314 days in FY2019 compared to 236 days in FY2018. Any further elevation in the gross working capital cycle will be key monitorable.

#### **Competitive and Fragmented Industry**

The pre fabrication and civil construction industry is highly fragmented with numerous players. The company can face intense pricing competition from its peers in this sector.

#### **Analytical Approach & Applicable Criteria**

Standalone

Rating methodology for engineering companies

Financial ratios and Interpretation (Non-Financial Sector)

#### **Liquidity: Stretched**

Liquidity is stretched wherein overall utilization of working capital limits during the last twelve months ended January 2020 was almost full. Total debt to Gross Cash Accrual is high and stands at 18.36 times in FY19.

#### **About the Company**

Incorporated in 2010, Pressmach Infrastructure Private Limited is engaged in erection of prefabricated shelters. PIPL constructs prefabs for erection of site/project offices, IT incubation Space, workmen colony, Guest House, additional space for schools/colleges/offices etc. Prior to 2010 the business was running as a proprietorship concern by name PRESSMACH since 1985).



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Financials (Standalone)

(Rs. crores)

For the year ended* / As On	31-03-2018 (Audited)	31-03-2019 (Audited)
Total Operating Income	38.82	32.09
EBITDA	4.62	4.88
PAT	0.89	1.02
Total Debt	41.69	44.27
Tangible Net worth	15.53	16.32
EBITDA Margin (%)	11.90	15.20
PAT Margin (%)	2.47	2.90
Overall Gearing Ratio (x)	2.69	2.71

\*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: N.A

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Long Term Fund Based Facilities – Cash Credit	Long Term	9.00	IVR BB/ Stable outlook	--	--	--
2.	Long Term/Short Term Non Fund Based Facilities – Bank Guarantee	Long Term/ Short Term	2.00	IVR BB/Stable Outlook /IVR A4	--	--	--
3.	Proposed Long Term/Short Term Non Fund Based Facilities – Bank Guarantee	Long Term/ Short Term	4.00	IVR BB/Stable Outlook /IVR A4	--	--	--



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**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).

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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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
Cash Credit	--	--	Revolving	9.00	IVR BB/ Stable outlook
Bank Guarantee	--	--	Upto 2 years	2.00	IVR BB/ Stable outlook/IVR A4
Bank Guarantee - Proposed	--	--	--	4.00	IVR BB/ Stable outlook/IVR A4