



Press Release

PM Contractors Private Limited (PMCPPL)

February 14, 2024

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	4.50	IVR BB/ Stable (IVR Double B with Stable Outlook)	Upgraded from IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Simple
Enhanced Long Term Bank Facilities	1.00	IVR BB/ Stable (IVR Double B with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	6.10	IVR A4 (IVR A Four)	Reaffirmed	Simple
Enhanced Short Term Bank Facilities	1.50	IVR A4 (IVR A Four)	Assigned	Simple
Total	13.10 (Rupees Thirteen crore and Ten lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The revision in the ratings assigned to the bank facilities of PM Contractors Private Limited (PMCPPL) derives strength from experienced promoters, healthy order book, proven project execution capability and Y-O-Y improvement in revenue till FY23 and improved profitability margins. The rating strengths are, however, partially offset by the moderate scale of operations, geographical concentration risk of the company.

Key Rating Sensitivities:

Upward Factors

- Significant & sustained increase in scale of operations and debt protection metrics while maintaining the profitability.



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Downward Factors

- Substantial decline in the scale of operation and profitability leading to deterioration of debt protection metrics.
- Delay in order execution, which may adversely impact the financial risk profile.
- Any unplanned debt-funded capex leading to deterioration in debt protection metrics

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters

PMCPL was incorporated in 2011 by Mr. Prasanna Kumar Mohanty. Mr. Prasanna Kumar Mohanty and Mr. Shaktiram Mohanty look after the day-to-day activities of the company. Mr. Prasanna Kumar Mohanty has more than three decades of experience in executing projects in construction sector which has helped them in establishing good relationship with its customers and suppliers.

Healthy order book and proven project execution capability

PMCPL has an unexecuted order book position Rs.161.47 crore, which is more than 3 times of its turnover of FY23 thereby, giving healthy revenue visibility. However, the same is concentrated towards contracts from Odisha state government departments. Going forward, materialization of the bided contracts and award of new contracts will be key monitorable for the company.

Y-o-Y improvement in revenue & EBITDA margin

Total operating income (TOI) has increased from Rs.38.50 crores in FY22 to Rs.47.46 crore in FY23 which is attributed to the increase in orders & scheduled execution of the orders. The company focuses on undertaking the government contracts for construction. PMCPL is having moderate EBITDA margin which stood at 7.02% in



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FY23 against 6.76% in FY22, PAT margin stood at 3.79% in FY23 against 3.55% in FY22.

Improved capital structure

Overall gearing ratio of the company has improved from 1.15x as on March 31, 2022 to 0.98x as on March 31, 2023, due to lower utilization of working capital limit and accumulation of profit to net worth. TOL/TNW ratio has improved from 2.56x as on March 31, 2022 to 1.98x as on March 31, 2023, due to increase in tangible net worth base. The net worth stood at Rs.7.46 crore as on March 31, 2023 against Rs.5.72 crore as on March 31, 2022.

Key Rating Weaknesses

Geographical concentration risk

PMCPL's TOI is highly concentrated to the state of Odisha as it executes all its projects for Odisha government bodies. Consequently, its prospects are linked to any unrest in the state may hamper the performance of the company to a large extent. The concentration of major order book in the state of Odisha exposes PMCPL's growth prospects to the macro and socio-political upheavals in the region.

Presence in a highly competitive industry

The domestic infrastructure/construction sector is highly crowded with presence of many players. Boom in the infrastructure sector a few years back, resulted in increase in the number of players. Moreover, the company secures its contracts through tender based mechanism, exposing it to risks associated with the same.

Analytical Approach: Standalone



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Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Infrastructure Companies](#)

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

[Default Recognition Policy](#)

Liquidity: Adequate

The liquidity of the company is expected to remain adequate in the near to medium term marked by sufficient accruals vis-à-vis its debt repayment obligations. The cash & bank balance of the company was Rs. 1.05 crore as on March 31, 2023. The working capital requirement of the company is mainly funded through bank borrowings. The company's average fund based working capital utilization of the sanctioned bank limits stood at 47.27%, thus reflecting adequate liquidity. The company's operating cycle improved from 43 days in FY22 to 34 days in FY23 due to improvement in collection days from 28 days in FY22 to 18 days in FY23.

About the company

PMCPL was initially formed as a proprietorship concern in the year 1985 under the name 'Prasanna Kumar Mohanty' by Mr. Prasanna Kumar Mohanty. Later in the year 2011 the proprietorship concern was converted into private limited company under the name PMCPL. PMCPL mostly focuses on undertaking the government contracts for construction like road works, building works, irrigation canal works, bridge works, PH water supply works, railway project related works etc in Odisha. The company is designated as Super class & Special class under Government of Odisha and participates in Government tenders and engaged in various civil construction works in and around Odisha which enables to bid Rs.6.00 crore to Rs.50.00 crore amount of work.



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Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	38.50	47.46
EBITDA	2.60	3.33
PAT	1.38	1.80
Total Debt	6.58	7.31
Tangible Net worth	5.72	7.46
Ratios		
EBITDA Margin (%)	6.76	7.02
PAT Margin (%)	3.55	3.79
Overall Gearing Ratio (x)	1.15	0.98

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: CARE Ratings, vide its Press release dated July 20, 2023, has continued the rating of PMCPPL under "Issuer Not Cooperating" category on account of non-submission of relevant information and non payment of surveillance fees.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (December 2, 2022)	Date(s) & Rating(s) assigned in 2022-23 (July 29, 2022)	Date(s) & Rating(s) assigned in 2021-22 (June 15, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Cash Credit	Long Term Facility	4.50	IVR BB/ Stable	IVR BB-/ Stable	IVR B+; Issuer Not Cooperating*	IVR BB-/ Stable	-
2.	Cash Credit	Enhanced Long Term Facility	1.00	IVR BB/ Stable	-	-	-	-



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3.	Bank Guarantee	Short Term Facility	6.10	IVR A4	IVR A4	IVR A4; Issuer Not Cooperating*	IVR A4	-
4.	Bank Guarantee	Enhanced Short Term Facility	1.50	IVR A4	-	-	-	-

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

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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).

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



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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	4.50	IVR BB/ Stable
Enhanced Cash Credit	-	-	Revolving	1.00	IVR BB/ Stable
Bank Guarantee	-	-	Revolving	6.10	IVR A4
Enhanced Bank Guarantee	-	-	Revolving	1.50	IVR A4

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-pmcontractors-feb24.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.