



Press Release

Pressmach Infrastructure Private Limited (PIPL)

November 22, 2023

Ratings:

(INR Crore)

Instrument / Facility	Amount	Ratings	Rating Action	Complexity Indicator
Long Term Facility	18.41* (Reduced from Rs.19.49 crore)	IVR BB/ Stable (IVR Double B with Stable Outlook)	Reaffirmed	Simple
Total	18.41 (Rupees Eighteen Crore and Forty-One Lakhs Only)			

*Cash credit of Rs. 18.00 crore reduced to Rs. 17.00 crore

Details of Facilities are in Annexure 1

Detailed Rationale:

The reaffirmation of the rating assigned to the bank facilities Pressmach Infrastructure Private Limited(PIPL) continues to derive strength from the experienced promoters with an established track record in the industry and reputed client base. The rating is, however, constrained by the company's moderate financial risk profile, its working capital-intensive operations with elongated operating cycle days and presence in a competitive and fragmented industry.

Key Rating Sensitivities:

Upward Factors:

- Significant & sustained improvement in revenue and/or profitability leading to improvement in overall credit profile.

Downward Factors:

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters.



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Key Rating Drivers with detailed description

Key Rating Strengths:

Experienced Promoters with an established track record in the industry:

The directors named Mr C.A Sunny are having experience of about two decades in the pre-engineering and civil construction industry. The extensive experience and healthy relationships with customers and suppliers should help in strengthening the overall business and profitability. The company shall continue to benefit from its established presence, technical expertise, brand recognition and extensive experience of the management in the industry. With an experience of over 36 years, company have executed over 4000 contracts with 150 clients in and around India.

Reputed client base:

The company is having a vintage of around 3 decades leading to established relationship with the reputed client such as Mangalore Refinery and Petro Chemicals Limited, National Buildings Construction Corporation Ltd, Indian Institute of Science Education & Research, Central Coal Fields Limited, L&T Hydrocarbon Engineering Ltd, Airports Authority of India, ONGC, BHEL, Vestas Technology R&D Chennai Private Limited, Velammal Matriculation School and host of other hundred odd parties from whom they are getting the repeat orders. This is possible because of the established long-term relations of the promoters.

Key Rating Weaknesses:

Moderate financial risk profile:

The company's capital structure and debt protection metrics though marginally improved continued to remain moderate in FY23. The overall gearing ratio and TOL/TNW were at 2.26x and 2.84x respectively as on March 31, 2023, as against 2.91x and 3.58x respectively as on March 31, 2022, owing to repayment in term loan and accretion of profits to reserves. Further, the interest coverage ratio and total debt to GCA ratio improved to 2.29x and 10.10x respectively in FY23 as against 2.05x and 12.08x respectively in FY22.

Working capital intensive in nature with elongated operating cycle days

Operations of PIPL are working capital intensive due to the stretched billing period, leading to high inventory and large credit period offered to its clients. Working capital requirements are high marked by elongated inventory period of 118 days and high receivable period of 114 days



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as on March 31, 2023. The receivable was high mainly because clients include public sector or state and central government entities, payments from whom are generally delayed. Working capital requirements are expected to be at high levels over medium term.

Competitive and Fragmented Industry:

The pre-engineering and civil construction industry is highly fragmented with numerous players and will continue to constrain scalability in operations for players such as Pressmach group. The company shall face intense pricing competition from its peers in this sector. PIPL is also exposed to Regulatory Risks which can affect its ability to complete projects in a timely manner and to secure new projects from time to time. Continuous delays in commencement and execution of projects on account of regulatory and environmental approvals may result in significant cost escalations leading to lower-than-expected profitability margins.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria for assigning rating outlook](#)

[Rating Methodology for Infrastructure Companies](#)

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

Liquidity: Stretched

The company has gross cash accrual tightly matching with the repayment obligation. Further, the average working capital utilization of company is 98.58% during the past 12 months ended October 2023. Cash & Bank balance stood at Rs.1.50 crore as on October 31, 2023. The cash conversion cycle though improved remained elongated due to the large working capital requirement which stood at 195 days in FY23 as compared to 244 days in FY22 majorly because of stretched billing period.

About the Company:

Established in the year 1985, as proprietary concern under the name of 'Pressmach', PIPL constructs a wide range of portable cabin, prefabricated office, storage shed, guest house, etc. In the year 2010, the entity's constitution was changed to Private Limited company under the current name, Pressmach Infrastructure Private Limited.

PIPL manufacturers of a wide range of portable cabin, prefabricated office, storage shed, Guest House etc. Apart from this it is also offering prefabricated SMC Turnkey Project. It has brought readymade construction solutions to clientele to provide them ease and convenience.



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Under the vast category of prefabs, it includes solution providers like IT incubation Space, Guest House, Site offices, Education and Health Care Centres, Compact multi utility cabins, tensile structures, and various types of toilets.

Financials: Standalone

(INR Crore)

For the year ended/ As On	31-03-2022	31-03-2023
	(Audited)	(Audited)
Total Operating Income	69.14	94.94
EBITDA	12.48	13.85
PAT	3.45	4.06
Total Debt	60.71	55.73
Tangible Net-worth*	20.87	24.69
Ratios		
EBITDA Margin (%)	18.05	14.59
PAT Margin (%)	4.99	4.27
Overall Gearing Ratio* (x)	2.91	2.26

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

- CRISIL Rating, vide its press release dated April 24, 2023, has continued the rating under 'Issuer Not Cooperating' category on account of non-submission of relevant information.
- Brickworks Rating, vide its press release dated October 19, 2022, has continued the rating under 'Issuer Not Cooperating' category on account of non-submission of relevant information.

Any other information: Not Applicable



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Rating History for last three years:

(INR Crore)

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding	Rating	Date(s) & Rating(s) assigned in 2022-23 (August 26, 2022)	Date(s) & Rating(s) assigned in 2021-22 (July 27, 2021)	Date(s) & Rating(s) assigned in 2020-21 (April 28, 2020)
1	Cash Credit	Long Term	17.00	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable
2	Term Loan	Long Term	1.41	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable

Name and Contact Details of the Rating Director:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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.



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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.

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Annexure 1: Details of Facilities:

(INR Crore)					
Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Cash Credit	--	--	--	17.00	IVR BB/ Stable
Long Term Fund Based Bank Facilities – Term Loan	--	--	--	1.41	IVR BB/ Stable

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Pressmach-nov23.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.