



## Press Release

### Pressmach Infrastructure Private Limited (PIPL) August 26, 2022

#### Ratings:

Instrument / Facility	Amount (Rs. crore)ss	Current Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Facility	19.49 (Enhanced from 14.00)	IVR BB/ Stable (IVR Double B with Stable Outlook)	Reaffirmed	Simple
<b>Total</b>	<b>19.49</b> <b>(Rupees Nineteen crore and Forty-Nine lakh only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale:

The reaffirmation of the rating assigned to the bank facilities Pressmach Infrastructure Private Limited 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:

- Sustained improvement in total operating income of more than 30%
- Sustained improvement in EBIDTA margin of more than 15%

##### Downward Factors:

Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters on a consolidated basis

#### Key Rating Drivers with detailed description:

##### Key Rating Strengths:

##### **Experienced promoters with an established track record in the industry**

Established in the year 1985 as proprietary concern under the name of 'Pressmach' later in the year 2010 entity has change its constitution to Private Limited under the name Pressmach Infrastructure Private Limited (PIPL) constructs a wide range of portable cabin,



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prefabricated office, storage shed, guest house, etc. With an experience of over 36 years, company have executed over 4000 contracts with 150 clients in and around India.

Mr. Apraim Sunny is the Managing Director of the company. He possesses about 38 years of experience in the same industry. He is associated with the company since its inception in 2010. He looks after the day-to-day affairs of the company. The extensive experience of the promoter helps the company in garnering repeat business.

### **Reputed client base**

The company has a vintage of around 3 decades leading to established relationship with the reputed clients 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 many other clients from whom it has been getting repeat orders.

### **Key Rating Weaknesses:**

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

The company's total operating income increased substantially from Rs.30.78 crore in FY20 to Rs.44.59 crore in FY21 and further to Rs.69.14 crore in FY22 (Prov.). The increase in the total operating income was on the back of increase in sales volume coupled with increased average realization. However, the EBITDA margin deteriorated to 18.73% in FY21 as against 22.36% in FY20 due to volatility in the raw material prices. It deteriorated further and stood at 17.01% in FY22 (Prov.) due to due to volatility in the raw material prices. However, the company's PAT margin improved to 2.73% in FY21 as against 1.87% in FY20 due to decrease in cost of services. It further improved and stood at 3.77% in FY22 (Prov.) due to decrease in cost of services. In line with the improvement in PAT, the GCA also improved from Rs.2.18 crore in FY20 to Rs.2.85 crore in FY21 to Rs.5.40 crore in FY22 (Prov.).

The company's capital structure and debt protection metrics continued to remain moderate in FY21 and FY22 (Prov.). The overall gearing ratio and TOL/TNW were at 3.08x and 3.83x respectively as on March 31, 2021, as against 2.98x and 3.57x respectively as on March 31, 2020, primarily due to increase in term borrowings. Further, it improved marginally to 2.99x and 3.68x respectively as on March 31, 2022 (Prov.) owing to repayment in term loan and accretion of profits to reserves. Further, the interest coverage ratio and total debt to GCA ratio of 1.65x and 19.05x respectively in FY21 as against 1.34x and 22.95x respectively in FY20. However, it improved and stood at 1.86x and 11.24x respectively in FY22 (Prov.).



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### **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 257 days and high receivable period of 145 days as on March 31, 2021. 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.

### **Presence in a competitive and fragmented Industry**

The infrastructure industry is highly fragmented with numerous players and will continue to constrain scalability in operations for players such as PIPL. The company faces intense pricing competition from its peers. 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.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Criteria of 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 more than 90.00% during the past 12 months ended Jun 2022. Cash & Bank balance stood at Rs.0.84 crore as on March 31, 2022 (Prov.). The cash conversion cycle is elongated due to the large working capital requirement which stood at 245 days in FY22 (provisional) as compared to 333 days in FY21 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.



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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. 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

(Rs. crore)

For the year ended/* As On	31-03-2020	31-03-2021	31-03-2022
	<b>Audited</b>	<b>Audited</b>	<b>Provisional</b>
Total Operating Income	30.78	44.59	69.14
EBITDA	6.88	8.35	11.76
PAT	0.59	1.22	2.60
Total Debt	50.01	54.39	60.70
Tangible Net-worth	16.77	17.68	20.28
<b>Ratios</b>			
EBITDA Margin (%)	22.36	18.73	17.01
PAT Margin (%)	1.87	2.73	3.77
Overall Gearing Ratio (x)	2.98	3.08	2.99

\*Classification as per Infomerics' standards

### Status of non-cooperation with previous CRA:

- CRISIL Rating, vide its press release dated February 28, 2022, 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 7, 2021, 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:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (July 27, 2021)	Date(s) & Rating(s) assigned in 2020-21 (April 28, 2020)	Date(s) & Rating(s) assigned in 2019- 20
1.	Cash Credit	Long Term	18.00	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable	-
2.	Term Loan	Long Term	1.49	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable	-
3.	Long Term/ Short Term Facility Non- Fund Based – Bank Guarantee	Long Term/ Short Term	-	-	-	IVR BB/ Stable/ IVR A4	-
4.	Proposed Long Term/ Short Term Facility Non-Fund Based – Bank Guarantee	Long Term/ Short Term	-	-	-	IVR BB/ Stable/ IVR A4	--

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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](http://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
Long Term Facility –Fund Based – Cash Credit	-	-	-	18.00	IVR BB/ Stable
Long Term Facility – Fund Based – Term Loan	-	-	March 2025	1.49	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-aug22.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 based on complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).