



Press Release

Pressmach Infrastructure Private Limited [PIPL]

July 27, 2021

Ratings

Sl. No.	Instrument / Facility	Amount (INR Crore)	Current Ratings	Rating Action
1	Long Term Facility – Fund Based – Cash Credit	12.00 (Increased from INR9.00)	IVR BB/Stable Outlook (IVR Double B with Stable Outlook)	Reaffirmed
2	Long Term Facility – Working Capital Term Loan Under GECL	2.00	IVR BB/Stable Outlook (IVR Double B with Stable Outlook)	Assigned
3	Long/Short Term Fund Based- Bank Guarantee	--	IVR BB/Stable Outlook (IVR Double B with Stable Outlook)/IVR A4 (IVR A Four)	Withdrawn*
4	Proposed Long Term/Short Term Facility – Non-Fund Based – Bank Guarantee	--	IVR BB/Stable Outlook (IVR Double B with Stable Outlook)/IVR A4 (IVR A Four)	Withdrawn**
	Total	14.00		

**The facility has been closed*

***The company has not proceeded with the facility as envisaged.*

Details of Facilities are in Annexure 1

Detailed Rationale

The rating continues to derive strength from 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

- Substantial improvement in scale of operations along with healthy order book providing revenue visibility while maintaining profitability.
- Substantial improvement in the capital structure.



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Downward Rating Factor

- Any further elongation of working capital cycle and/or weakening of financial risk profile.

Key Rating Drivers with detailed description

Extensive experience of promoters and established relationships:

The directors named Mr. C.A Sunny and Mr. Mathew Varghese is 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.

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, CPWD, L&T, TATA etc. from whom they are getting the repeat orders. This is possible because of the established long-term relations of the promoters.

Moderate financial risk profile:

The financial risk profile is moderate with net worth of INR18.92 Crore as on March 31, 2021, as compared to Rs. 16.77 Crore as on March 31, 2020. The overall gearing is at 2.80x as on March 31, 2021, as compared to 2.98x as of March 2020 and interest coverage stood at 0.99x as on March 31, 2021, as compared to 0.64x as of March 2020. The extensive experience of the promoters has helped them forge long term relations with customers and suppliers, which benefits them in maintaining high profitability. PAT Margin (%) stood at 2.66% as on FY21 compared to 1.87% in FY21. Infomerics expect that the debt protection metrics will improve in FY22 onwards. FY21 financials are provisional.



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Key Weaknesses

Working capital intensive operations:

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. Due to elongated payments, the debtor days stood high at 174 days in FY21. Further, inventory holding period stood at 308 days in FY21 compared to 388 days in FY2020. However, the gross working capital cycle is expected to improve majorly due to better inventory management.

Competitive and Fragmented Industry

The pre-engineering and civil construction industry are 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 Approach

Applicable Criteria:

Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Stretched

The company has gross cash accrual tightly matching with the repayment obligation. Average Utilization for last 12 months ended May-21 stood high at 96.25%. Cash & Bank balance stood at INR2.45 Crore as on March 31, 2021.

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



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to 2010 the business was running as a proprietorship concern by name PRESSMACH since 1985.

Financials: (Standalone)

(INR Crore)

For the year ended/ As on*	31-03-2019	31-03-2020	31-03-2021
	(Audited)	(Audited)	(Provisional)
Total Operating Income	32.09	27.36	41.73
EBITDA	4.88	3.46	4.30
PAT	1.02	0.59	1.20
Total Debt	44.27	50.01	52.99
Tangible Net-worth	16.32	16.77	18.92
EBITDA Margin (%)	15.2	12.66	10.30
PAT Margin (%)	2.9	1.87	2.66
Overall Gearing Ratio (x)	2.71	2.98	2.80

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Crisil vide its press release dated December 24, 2020, has classify the case under Issuer Not Cooperating category on account of non-submission of relevant information.

Any other information: N.A

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount Outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 (April 28 th , 2020)	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Facility– Fund Based – Term Loan	Long Term	12.00	IVR BB/ Stable outlook	IVR BB/ Stable outlook	--	--
2	Long Term Facility– Fund Based –	Long Term	2.00	IVR BB/ Stable outlook	--	--	--



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	Working Capital Term Loan Under GECL						
3	Long Term/Short Term Non-Fund Based Facilities – Bank Guarantee	Long/Short Term	--	Withdrawn	IVR BB/Stable Outlook /IVR A4	--	--
4	. Proposed Long Term/Short Term Non-Fund Based Facilities – Bank Guarantee	Long/Short Term	--	Withdrawn	IVR BB/Stable Outlook /IVR A4	--	--

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.

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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	Size of Facility (INR Crore)	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Rating Assigned/ Outlook
Long Term Facility – Fund Based – Cash Credit	12.00	NA	NA	--	IVR BB/ Stable outlook
Long Term Facility – Fund Based – Working Capital Term Loan Under GECL	2.00	NA	NA	--	IVR BB/ Stable outlook

Annexure II: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Pressmach-lenders-july21.pdf>