

## RATING RATIONALE

7Nov2019

### PRIMUS Global Technologies Pvt. Ltd.

Brickwork Ratings upgrades the long term rating and assigns the short term rating for the Bank Loan Facilities of ₹ 10.00 Crores of PRIMUS Global Technologies Pvt. Ltd.

#### Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Mar, 2019)	Present
Fund based	10.00	10.00	Long Term	BWR BB (Stable)	BWR BB+ (Stable) (Upgrade)
Non Fund Based	-	(2.00)	Short Term	-	BWR A4 (Assign)
<b>Total</b>	<b>10.00</b>	<b>10.00</b>	<b>INR Ten Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities is provided in Annexure-I

#### RATING ACTION / OUTLOOK

Brickwork Ratings upgrades the long term rating to BWR BB+ (Stable) and assigns short term rating of BWR A4 of bank loan facilities of Rs.10.00 Crs of **PRIMUS Global Technologies Pvt. Ltd.**

The ratings upgrade is on account of improvement in financial performance with visible revenue growth, the experience of the promoters in the industry, track record of the company, dealing with reputed clientele, comfortable interest coverage ratio and comfortable liquidity position. The rating, however, is constrained by the high leverage, highly fragmented industry with competitive market and working capital intensive nature of operations.

The ratings have been continued with stable outlook as the business risk profile of the company is stable and the growth in the business and profitability is expected to be maintained in the medium term.

#### KEY RATING DRIVERS

BWR principally relied upon audited financials upto FY19, Provisionals of 6MFY20, publicly available information and information/clarification provided by the management.

### **Credit Strengths:**

- Total operating income has improved from Rs.56.44 Crs in FY18 to Rs. 90.44Crs in FY19. On a provisional basis, the company reported operating income of Rs. 48.22 Crs for the 6MFY20
- The promoters have extensive experience in the business and management has established a good track record in business as the company is active since 2007
- Dealing with reputed clients like H.P, Oracle, Accenture, IBM, Deloitte, E&Y, Capgemini, VMWare, L&T, Infosys & Mindtree, Genpact, etc.,
- Interest service coverage ratio is comfortable at 3.97x in FY19 showing interest repayment capacity of the company
- The current ratio of the company as per FY19 (Audited) stands at 1.37 times, which indicates that the company has enough short term assets to meet it short term liabilities.

### **Credit Risks:**

- The company has high gearing level with Total debt /TNW of 1.22 Times in FY19.
- The company operates highly competitive & fragmented industry which forces the company to operate at lower profit margins.
- There was a significant rise in the receivables level of the company, which now accounts for almost 26% of the company's turnover in FY19. Due to this, the company might face stretched liquidity as it has working capital intensive operations.

### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has considered the standalone performance of **PRIMUS Global Technologies Pvt. Ltd.** BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

### **RATING SENSITIVITIES**

Going forward the ability of the company to increase its scale of operations and improve profit margins, strengthen its overall credit profile and manage its working capital cycle efficiently would be the key rating sensitivities.

**Positive:** The rating outlook may be revised to 'Positive' if the company is able to achieve significant growth in revenue and profitability backed by a favourable demand prospects, sustained improvement in capital structure, reduce receivable days will be positive for the ratings.

**Negative:** The rating outlook may be revised to 'Negative' in case revenues of the company substantially deteriorates from current level. Rating may also be adversely affected in case of adequate deterioration in gearing and coverage ratios.

### **LIQUIDITY POSITION**

The company has comfortable liquidity profile, driven by current ratio of 1.37 times in FY19. The company might face stretched liquidity due to a significant increase in its trade receivables. Cash and



Cash equivalent in FY19 stood at Rs. 0.28 Crs. Average CC Utilization for the last four months as per the banker feedback stands at 58%.

### COMPANY PROFILE

PRIMUS Global Technologies Pvt Ltd, was incorporated in 2007, based in Whitefield, Bangalore. The Company is promoted by Mr. Sunil Kilaru and Mr. Anil Kilaru. The company specializes as an IT Solutions and Service Provider, with locations at Bangalore, Pune, Hyderabad, and Visakhapatnam. PRIMUS has a wide domain expertise covering IT, Rail, Health Care, Hi Tech / Ecommerce, Telecom, Banking and Finance, Manufacturing / Engineering. The company supply manpower services to leading information technology companies. Mr. Sunil Kilaru, Managing Director and Mr. Anil Kilaru, Director of the company manage the day to day activities of the company. PRIMUS Global Solutions Pvt Ltd, group concern of the company which is into software development and Prime Living Private Limited (still under construction, not yet started commercial operations), group concern of the company which is into construction & leasing.

### KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Net Sales	Rs In Crores	56.44	90.44
EBITDA	Rs In Crores	1.00	2.97
PAT	Rs In Crores	0.05	1.54
Tangible Net-worth	Rs In Crores	7.44	9.12
Total Debt/Tangible Net-worth	In Times	0.95	1.22
Current Ratio	In Times	1.41	1.37

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA**

## RATING HISTORY

Facilities	Current Rating			Rating History		
	Tenure	Amount (₹ Cr)	Rating	14.3.2019	13.3.2018	6.3.2017
Fund Based	Long Term	10.00	<b>BWR BB+(Stable) (Upgrade)</b>	BWR BB/Stable		
Non Fund Based	Short Term	(2.00)	<b>BWR A4 (Assign)</b>	-		
<b>Total</b>		<b>10.00</b>	<b>INR Ten Crores Only</b>			

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

Analytical Contacts	Investor and Media Relations
<p><b>Lakshmi V Tamada</b> Rating Analyst Board: +91 80 4040 9940 Ext:326 lakshmi.t@brickworkratings.com</p> <p><b>A P Kamath</b> Senior Director - Ratings Board:+91 80 4040 9940 apkamath@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>



**PRIMUS Global Technologies Pvt. Ltd.**  
**ANNEXURE I**

**Details of Bank Facilities rated by BWR**

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	IDFC First Bank	Cash Credit (CC)	10.00	-	10.00
2		Working Capital Demand Loan - Sublimit under CC	(10.00)	-	(10.00)
3		Bank Guarantee - Sublimit under CC	-	(2.00)	(2.00)
<b>TOTAL</b>					<b>10.00</b>

**Total Rupees Ten Crores only.**

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