



## Press Release

### **Pristine Commercials Private Limited (PCPL)**

**January 22, 2025**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><u>Complexity Indicator</u></b>
Long term Bank Facilities	15.00	IVR BBB/ Stable [IVR Triple B with Stable Outlook]	--	Rating assigned	Simple
Long/ Short Term Bank Facilities	25.00 (reduced from 30.00)	IVR BBB/ stable & IVR A3+ [IVR Triple B with Stable Outlook & IVR A Three Plus]	IVR BBB-/ Stable & IVR A3 [IVR Triple B Minus with Stable Outlook & IVR A Three]	Rating Upgraded	Simple
<b>Total</b>	<b>40.00</b>	<b>(Rupees Forty Crore Only)</b>			

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### **Detailed Rationale**

Infomerics Ratings has upgraded/assigned its rating assigned to the bank facilities of PCPL as it derives its comfort from the improvement in the overall operational and financial profile, a comfortable capital structure and debt protection metrics, and well-established relationships with customers and suppliers. However, these rating strengths remain partially offset by moderately working capital-intensive operations, susceptibility to cyclicalities in the end-user industries, and intense competition.

The outlook is “Stable” on account of sustained improvement in total operating income along with the benefit derived from experienced promoter.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

- Substantial improvement in the scale of operations along with profitability on a sustained basis.
- Significant improvement in working capital cycle.



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### Downward Factors

- Any decline in scale of operations and/or profitability, leading to significant deterioration of debt protection metrics.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Improvement in overall operational & financial profile**

PCPL's revenue significantly increased by ~134% on y-o-y basis during FY24 (refers to period April 1, 2023, to March 31, 2024), to Rs. 465.63 crore (FY23: Rs.199.29 crore) led by higher volumes resulting in improvement in EBITDA to Rs. 27.28 crore in FY24, (FY23: Rs. 16.05 crore). EBITDA margins declined to 5.86% in FY24 (FY23: 8.05%) due to higher contribution from commodity products. PCPL has earned total revenue of Rs. 142.20 crore during 9MFY25. While EBITDA margins improved to 12.76% with higher contribution from high margin products.

- **Comfortable capital structure and debt protection metrics**

PCPL's credit profile continued to remain comfortable reflected by the overall gearing ratio which stood comfortable at 0.23x for FY24 (FY23: 0.50x); TOL/TNW stood at 0.30x in FY24 (FY23: 0.96x) due to low debt. Debt protection metrics remained comfortable with interest coverage ratio stood at 2.47x in FY24 (FY23: 6.64x). Total debt/GCA also stood comfortable at 0.93x for FY24 (FY: 1.71x). The financial risk profile is expected to remain comfortable with steady accretion to reserve, stable working capital cycle and the absence of any major debt-funded capex.

- **Well established relationship with customers and suppliers**

The company has established strong relationships with reputed customers, including Jindal Saw Ltd, Bharat Petroleum Corporation Limited, and Hindustan Petroleum Corporation Limited, as well as with suppliers such as JSW Steel and Jindal Steel. These relationships have enabled the company to diversify its product range and cater to a wider customer base. Additionally, the company benefits from repeat orders from existing customers and maintains consistent supplies from its suppliers.



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### Key Rating Weaknesses

- **Moderately working capital-intensive operations**

PCPL's operations are moderately working capital intensive as reflected in gross current assets (GCA) of 47 days as on March 31, 2024, driven by debtor and inventory of 19 & 1 days respectively (41 days and 8 days in March 2023). The company meets its working capital requirements partially through unsecured loans from partners and partially through bank borrowings.

- **Susceptibility to cyclicity in the end-user industries and intense competition**

Demand for steel products is linked to the capital expenditure of end-user industries like infrastructure development and real estate which is strongly correlated to economic cycles. Any economic slowdown coupled with volatile steel prices and high competition may impact revenue and profitability of the company. However, this is partially mitigated by the diversified product and end user portfolio.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post-default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The liquidity of PCPL remains adequate with gross cash accruals of Rs. 13.21 crore in FY24. The expected gross cash accruals for FY25-FY27 will remain in the range of at Rs. 14.77 crore - Rs. 16.17 crore, with no repayment obligation due to absence of long-term debt. The current ratio stood at 8.52x as on March 31, 2024. The average cash credit utilisation for last twelve months ended in October 2024 remained low at 3.69%, indicating sufficient liquidity buffer.



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### **About the Company**

Pristine Commercials Private Limited (PCPL) was incorporated in 2007 and is involved in the business of trading of steel products viz. flat products like gal valume coils, hot-rolled coils/sheets, cold-rolled coils/sheets and long products like TMT bars, mild steel beams, stainless steel pipes etc.

### **Financials: Standalone**

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	199.29	465.63
EBITDA	16.05	27.28
PAT	11.38	13.08
Total Debt	19.77	12.31
Tangible Net Worth	39.69	52.76
EBITDA Margin (%)	8.05	5.86
PAT Margin (%)	5.65	2.80
Overall Gearing Ratio (x)	0.50	0.23
Interest Coverage (x)	6.64	2.47

\* Classification as per Infomerics' standards.

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

The rating continues to remain under ISSUER NOT COOPERATING category from ICRA Ratings as per press release dated July 26, 2024, due to unavailability of information for monitoring of rating.

The rating continues to remain under ISSUER NOT COOPERATING category from CRISIL Ratings as per press release dated February 21, 2024, due to unavailability of information for monitoring of rating.

**Any other information:** Not Applicable



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Rating History for last three years:

Sr. No	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Date (December 13, 2023)	Date (October 20, 2022)	-
1.	Long Term Bank Facilities/ Short Term Bank Facilities	Long term/ Short term	25.00* (Reduced from 30.00)	IVR BBB/ Stable & IVR A3+	IVR BBB-/ Stable & IVR A3	IVR BBB-/ Stable & IVR A3	-
2.	Long Term Bank Facilities - Cash Credit	Long Term	15.00	IVR BBB/ Stable	-	-	-

*\*Bank guarantee of Rs. 25.00 crore, sublimit of LC.*

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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.

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.





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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities/ Short Term Bank Facilities	-	-	-	-	25.00*	IVR BBB/ Stable & IVR A3+
Long Term Bank Facilities - Cash Credit	-	-	-	-	15.00	IVR BBB/ Stable

*\*Bank guarantee of Rs. 25.00 crore, sublimit of LC.*

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Prestine-Commercials-22jan25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated analysis:** 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](http://www.infomerics.com)