



Press Release

Pratishtha Commercial Private Limited

April 06, 2022

Ratings

Instrument/ Facility	Amount (Rs. crore)	Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	100.79	IVR BBB-/ Stable (IVR triple B minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	1.00	IVR A3 (IVR A three)	Assigned	
Long Term/Short Term Bank Facilities	8.21	IVR BBB-/ Stable/IVR A3 (IVR triple B minus with Stable Outlook and IVR A three)	Assigned	
Total	110.00 (INR One hundred ten crores Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Pratishtha Commercial Private Limited (PCPL) considers the experience of promoters with established track record in the business, reputed client base which reduces the counterparty risks to an extent and steady increase in the scale of operations. However, the ratings are constrained by thin profitability margin owing to trading nature of business, leveraged capital structure and low coverage indicators, exposure to price fluctuations and agro climatic risk, and presence in a highly fragmented and competitive agro-commodity trading industry.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with further improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in the capital structure with further improvement in debt protection metrics.

Downward Factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.



Press Release

- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with established track record in business.

The company is promoted by Mr. Suresh Kumar Poddar, Mr. Manoj Kumar Poddar & Mr. Jay Prakash Poddar. They have a long experience in the industry which helps in making established relationship with the customers resulting in repeat orders.

Reputed client base which reduces the counterparty risks to an extent

The company has reputed client base as it deals various government organisations like Kerala Co-operative Milk Federation Limited, Kerala Feeds Limited and Karnataka Co-operative Milk Federation Limited. It also deals with other reputed private parties like Pasupati Agrovvet Limited, Venkys India Limited etc. The reputed client base helps the company in reducing counterparty risk to a large extent.

Steady increase in the scale of operations

The performance of the company has improved from the last few years as depicted by a topline of Rs.857.13 crores in FY21 which has increased from Rs.501.68 crores in FY18, depicting a CAGR of 19.55%. In the current fiscal, the company has registered a topline of Rs. 968.30 crores during 9MFY22 (provisional) and is likely to register a healthy growth in FY22 over the previous fiscal.

Key Rating Weaknesses

Thin profitability margin owing to trading nature of business

The profitability margin of the company remains thin due to trading nature of the business where the profit margins are susceptible to raw material prices and highly competitive nature of industry. Consequent to which operating profitability has largely trickled down to the net profit levels. The EBITDA margin stood low at 1.98% in FY2021



Press Release

as against 2.49% in FY2020. The PAT margins also remained thin at 0.71% and 0.68% in FY2020 and FY2021 respectively.

Leveraged capital structure and low coverage indicators

The capital structure of the company remained leveraged with higher dependence on external borrowings marked by high overall gearing ratio over the past few years. While the overall gearing ratio remained high as it stood at 2.76x as on March 31, 2021. The interest coverage ratio remained low at 1.60x in FY21 (1.84x in FY20). Total Debt/GCA was also on higher side at 25.10 years in FY21 (21.68 years in FY20).

Exposure to price fluctuations and agro climatic risks

Being involved in agro-commodity trading, any changes in the minimum support prices may affect the product's competitiveness. The company also remains exposed to agro-climatic risks, changing crop patterns and the associated cyclicity in the business. The company's product mix, thus, must continually adapt to the changing crop patterns.

Presence in a highly fragmented and competitive agro-commodity trading industry

The agro-commodity trading business is highly fragmented and characterized by the presence of many organized and unorganized players, which leads to intense competition. The industry also faces constraints with high cost of raw materials, low value addition along with low product differentiation, thus leading to low pricing power.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

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

Liquidity: Adequate

The liquidity position of the company is expected to remain adequate as the company is expected to generate steady cash accruals as against its scheduled debt repayment obligation during FY22-24. The company earned a Gross Cash Accruals (GCA) of Rs. 21.22 crore in



Press Release

FY22 as against its repayment obligation of Rs. 0.56 crore. The utilisation of the working capital limits stood at 82% during the past twelve months ended November 2021.

About the Company

Pratishtha Commercial Private Limited was incorporated in February 1997 and is based in Kolkata. The company is primarily engaged in the business of trading of agricultural Products and animal feed. The company majorly deals in products like soya de-oiled cake, mustard/rapeseed de-oiled cake and maize.

Apart from that the company also deals in products like various pulses and grains. Their supply of feed raw materials extends to various feed manufacturers, poultry farms, public sector undertakings and dairy co-operative societies in India.

Financials (Standalone)

(Rs. crore)

For the year ended* / As On	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	839.59	857.13
EBITDA	20.86	16.99
PAT	5.93	5.81
Total Debt	130.75	148.26
Tangible Net worth	46.85	53.75
EBITDA Margin (%)	2.49	1.98
PAT Margin (%)	0.71	0.68
Overall Gearing Ratio (x)	2.79	2.76
Interest Coverage Ratio (x)	1.84	1.60

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: NIL

Any other information: NIL



Press Release

Rating History for last three years:

Sl. No.	Name of Instrument / Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	WCTL-GECL 2	Long Term	12.79	IVR BBB-/ Stable	-	-	-
2.	Cash Credit	Long Term	85.00	IVR BBB-/ Stable	-	-	-
3.	WCDL	Long Term	3.00	IVR BBB-/ Stable	-	-	-
4.	PSR	Short-Term	1.00	IVR A3	-	-	-
5.	Unallocated Limits	Long Term/ Short Term	8.21	IVR BBB-/ Stable/ IVR A3	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Harsh Raj Tel: (011)- 41410244 Email: harsh.raj@infomerics.com	Name: Mr. Sandeep Khaitan Tel: (033)-46022266 Email: sandeep.khaitan@infomerics.com
--	---

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. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.



Press Release

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
WCTL-GECL 2	-	-	FY26	12.79	IVR BBB-/ Stable
Cash Credit	-	-	-	85.00	IVR BBB-/ Stable
WC DL	-	-	-	3.00	IVR BBB-/ Stable
PSR	-	-	-	1.00	IVR A3
Unallocated Limits	-	-	-	8.21	IVR BBB-/ Stable/ IVR A3

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Pratishtha-apr22.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.