



Press Release

Pristine Commercials Private Limited

October 20, 2022

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator (Simple / High / Complex)
Long Term Fund Based Bank Facilities	5.00	IVR BBB- (Outlook:Stable) [IVR Triple B Minus with Stable Outlook]	Assigned	Simple
Short Term Fund Based Bank Facilities	(7.50)	IVR A3 [IVR A Three]	Assigned	Simple
Short Term Non-Fund Based Bank Facilities	25.00		Assigned	Simple
Total	30.00	INR Thirty Crores Only		

Detailed Rationale

The rating assigned to Pristine Commercials Private Limited factors in the strength from the extensive experience of the promoters in the trading business and a healthy financial risk profile of the company.

The ratings also draw strength from established relationships with reputed customers which has enabled them to get repeat orders. These strengths are partially offset by susceptibility to volatility in raw material prices and working capital intensive nature of operations.

The ratings are further constrained by the competition faced by the company from other organised and unorganised players from the industry.

Key Rating Sensitivities:

Upward Factors



Press Release

- Substantial increase in revenues, profitability, and cash accrual, thereby further improving debt protection metrics
- Steady improvement and sustenance in Gross Current Asset (GCA) days, thereby improving financial risk profile of the company.

Downward Factors

- Deterioration in working capital cycle and liquidity profile of the company.
- Substantial decline in profitability impacting debt protection matrix and liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced Promoters:** The company benefits from the experience of the promoter's experience of more than three decades which has enabled a strong understanding of the market dynamics which is expected to continue to support the business risk profile. The promoters have developed a longstanding and strong relationship with the suppliers which has helped them in developing an order backed inventory system with no delays in the supplies. This in turn has led to establishing of strong relationships with the customers leading to repeat orders from majority of their customers
- **Well established relationship with customers and suppliers:** The company has established strong relationships with reputed customers as well as suppliers such as JSW Steel, Jindal Steel & ArcelorMittal. This has helped the company to build a basket of products to offer to its customers as well as get repeated orders from its customers as well as regular supplies from the suppliers.
- **Healthy Financial Risk Profile:** The company has a Comfortable net worth of Rs.30.02cr leading to a low gearing of 0.13X in FY22(Provisional). The debt protection metrics of the company as indicated by ISCR & DSCR stand strong at



Press Release

7.55X and 8.68X respectively in FY22(Provisional). Steady accretion to reserves should support the financial risk profile over the medium term

Key Rating Weaknesses

- **Working Capital Intensive Nature of Operations** - The operations of the company are working capital intensive in nature as reflected by an increase in the operating cycle to 77 days as per FY22(Provisional) from 67 days in FY21 on account of a higher inventory holding period as per FY22 Provisionals provided by the company.
- **Intense competition in the industry** - The steel industry is highly fragmented with the presence of both organized and unorganized players in the downstream segment providing similar products/services. Hence, the company faces competition from regional players leading to intense competition and pricing pressures, which in turn affect the profitability margins of the company.
- **Cyclical nature of raw materials**: The company's profitability and cash flows are vulnerable to the cyclical nature inherent in the steel trading business. Profitability margins are thin due to the trading nature of business and limited value addition. Iron prices are primarily dependent on demand-supply scenario resulting in price volatility, leading to narrowing of profit margins.

Analytical Approach: Standalone

Applicable Criteria

[Rating Methodology for Trading Companies](#)

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

[Criteria Of Assigning Rating Outlook](#)

Liquidity – Adequate



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The liquidity position of the company has remained adequate in FY22 as marked by its gross cash accrual (GCA) of INR 7.21 Cr in FY22(Prov). The average utilization of the company stands at 47.80% for a period of July 21 to July 22. The current ratio remains healthy at 5.77X as on March 31, 2022. However, going ahead with an increase in revenues for FY23 due to pent up demand, the liquidity position of the company is expected to improve. The working capital cycle is also expected to remain comfortable and the same needs to be monitored going ahead

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. It was a part of Optimum Commercials Private Limited since 1997. Since it was a steel trading and distribution division, a fresh company was incorporated in 2007 by the name of Pristine Commercials Private Limited. PCPL handles a host of steel products today and is servicing orders for the Oil and Gas industry, bridges and infrastructure projects catering to industries like Pre-Engineered Building(PEB),Auto, Pipe and Tube, Roll forming and Roofing and more. The company distributes steel products across all geographies in India. The operations of the company are collectively managed by Mr. Nar Narayan Saraf and his son Mr. Nikunj Saraf who have over a decade of experience in the steel trading business

Financials (Standalone):

For the year ended* / As On	31-03-2021	31-03-2022
	Audited	Provisional
Total Operating Income	156.35	118.68
EBITDA	9.72	6.94
PAT	7.07	5.30
Total Debt	21.31	3.84
Tangible Networkth	22.95	30.02
Ratios		
EBITDA Margin (%)	6.21	5.85
PAT Margin (%)	4.50	4.42



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Overall Gearing Ratio (Adjusted) (x)	0.93	0.13
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Status of non-cooperation with previous CRA: ICRA Ratings has migrated Pristine Commercials Private Ltd.'s Long-Term & Short-Term Rating to the non-cooperating category vide its press release dated 25th May 2022. The issuer did not participate in the rating exercise despite continuous requests and follow-ups by the agency.

Any other information: NA

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 outstanding (Rs. Crore)	Rating	2021-22	2020-21	2019-20
1.	Fund Based	Long Term	5.00	IVR BBB- (Outlook: Stable)	NA	NA	NA
2.	Fund Based	Short Term	(7.50)	IVR A3	NA	NA	NA
3.	Non-Fund Based	Short Term	25.00		NA	NA	NA
	Total*		30.00				

**Details in Annexure I*

Name and Contact Details of the Rating Analyst:

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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. 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

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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 Fund Based Bank Facilities - Cash Credit	-	-	-	(4.75)	IVR BBB- (Outlook:Stable) [IVR Triple B Minus with Stable Outlook]
Long Term Fund Based Bank Facilities - Proposed Cash Credit	-	-	-	5.00	
Short Term Fund Based Bank Facilities - Bill Discounting	-	-	-	(7.50)	IVR A3 [IVR A Three]
Short Term Non Fund Based Bank Facilities - Letter of Credit	-	-	-	25.00	
Short Term Non Fund Based Bank Facilities - Bank Guarantee	-	-	-	(2.00)	
Short Term Non Fund Based Bank Facilities - Forward Contract	-	-	-	(0.50)	

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Pristine-oct22.pdf>



Press Release

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: The Terms of sanction include standard covenants normally stipulated for such facilities.

Annexure 5: Complexity level of the rated Instruments/Facilities: NA

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 <http://www.infomerics.com>