

June 27, 2025

## Pristine Industries Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash Credit	15.00	18.00	[ICRA]BBB-(Stable); Reaffirmed
Long-term – Fund-based – Term Loan	1.70	1.00	[ICRA]BBB-(Stable); Reaffirmed
Long-term / Short-term – Interchangeable	(0.50)	(1.00)	[ICRA]BBB-(Stable)/ [ICRA]A3; Reaffirmed
Long-term / Short-term – Unallocated	8.30	6.00	[ICRA]BBB-(Stable)/ [ICRA]A3; Reaffirmed
<b>Total</b>	<b>25.00</b>	<b>25.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

For arriving at the ratings, ICRA has taken a consolidated view of both the entities, namely Priyadarshini Polysacks Limited (PPL) and Pristine Industries Limited (PIL), hereafter known as the Group. The consolidated view considers the presence of both PPL and PIL in the similar line of business and common management.

The ratings reaffirmation factors in the extensive experience of the Group's promoters in the plastic packaging industry and its strategically located manufacturing units in proximity to key customers from the cement and sugar sectors. At a consolidated level in FY2025, revenues declined by 8% on a YoY basis, owing to falling realisations on the back of softening of raw material prices and pressure on volumes amid tough competition from unorganised players. Going forward, revenues are expected to be supported by orders received from a new client and also the export market opportunities, which the company is exploring. ICRA further notes that the Group has steady repeat orders from its existing clients such as Ultratech Cement and India Cement. ICRA further derives comfort from the low debt, leading to comfortable debt metrics and healthy capital structure as characterised by a low gearing of 0.1 times and total debt vis-à-vis the operating profit of 1.3 times and healthy interest coverage of 5.0 times as on March 31, 2025.

The ratings, however, remained constrained by the high working capital intensity of operations because of its elongated receivable cycle, and moderate scale of operations in a fragmented industry structure, resulting in tough competition from both organised and unorganised players. The ratings also remain constrained by the Group's exposure to high supplier concentration risk and its limited bargaining power with its key suppliers, which restricts margin expansion to some extent. The revenue is driven by the cement and the sugar industries' performance, which depends on various economic and weather conditions. In addition, the basic raw material for the company is PP granules, which are derivatives of crude oil. Hence, the price is determined by the movement of global crude oil prices. While the financial risk profile of the Group remains largely healthy, the profitability remains supported by the margins generated from its renewable power segment that the Group has set up as profitability of the core polysacks business remains subdued.

The Stable outlook on the long-term rating reflects ICRA's opinion that the Group will benefit from the new orders, which will help it scale up operations. Further, the Group will continue to make healthy profit, supported by its renewable power segment.

## Key rating drivers and their description

### Credit strengths

**Extensive experience of Group's promoters in the plastic packaging industry** – The Sanghvi Group has extensive experience in managing the business of polypropylene (PP) sacks. While the Group has been operating in this space since 1985, it ventured into the renewable energy business in 2006. Given its long presence in the PP sacks business, the Group has developed long relationships with its customers, particularly with those across the cement and sugar industries, which led to repeat orders to PPL and PIL over the years.

**Strategically located manufacturing units entailing adequate geographical coverage** – PPL's manufacturing unit is located in Kolhapur (Maharashtra), while PIL's manufacturing unit is located on Abu Road (Rajasthan) along the Rajasthan-Gujarat border. The strategic location of the manufacturing units entails adequate coverage of key customers from the cement and sugar manufacturing industries in North, West and South India. The Group's renewable energy assets are mainly located in Maharashtra. The Group has 14 windmills with a total capacity of 15.1 MW and three solar plants with a total capacity of 3 MW, which is for captive usage.

**Fairly diversified client base, reputed cement manufacturers and sugar mills in the customer mix** – The Group's customer mix, particularly from cement and sugar sectors, includes reputed names across India. PPL's customer mix remains moderately diversified with its top five customers driving ~53% of its revenues in FY2025 against ~45% in FY2024. PIL's top five customers contributed ~43% to its revenues in FY2025 against ~50% in FY2024. The existing clientele across cement and sugar sectors includes reputed names such as Ultratech Cement, India Cement, JSW Cement, Coromandel Sugar Limited, SBEC Sugar Limited, among others. The company is expected to benefit from the new order received from the Adani Group worth Rs. 30 crore in FY2026.

**Comfortable capital structure and adequate coverage indicators at the consolidated level** – The Group's capital structure has remained comfortable mainly because of an adequate net worth of Rs. 166.4 crore as on March 31, 2025. The gearing on a consolidated basis remained at 0.1 times as on March 31, 2025, against 0.2 times as on March 31, 2024. Its total outside liabilities vis-à-vis the tangible net worth remained at 0.3 times in the last two years. The debt coverage indicators also remain healthy, with an interest cover of 5.0 times and total debt vis-à-vis the operating profit of 1.3 times as on March 31, 2025. The coverage indicator is expected to remain healthy on the back of steady margins and limited debt levels.

### Credit challenges

**High working capital intensity from elongated receivable cycle** – The Group's working capital intensity remains high owing to its elongated receivable cycle emanating from stretched payments from some of the clients. On a consolidated basis, the working capital intensity stood at 36% in FY2025 (38% in FY2024).

**Highly fragmented industry structure leading to intense competition from both organised and unorganised players** – The Group faces intense competition in its plastic bag packaging business from both organised and unorganised players owing to the highly fragmented nature of the industry. Further, the Group's consolidated revenues stood at Rs. 220.3 crore in FY2025, indicating a moderate scale in the highly fragmented PP sack manufacturing sector with more than 200 major players. The high proportion of small-scale units in the industry has resisted scale and profitability expansion in the past.

**Supplier concentration risk; low bargaining power** – The Group largely procures its raw materials (polypropylene granules) from a few large key petrochemical players (public and private) in India, resulting in a supplier concentration risk and low bargaining power. However, established relationships with its suppliers provide some comfort.

**Revenue remains exposed to end-user demand scenarios, with margins vulnerable to raw material price fluctuations** – The revenue profile depends highly on the cement and the sugar industries’ performance, which is subject to various economic as well as weather conditions. In addition, the basic raw material for the company is PP granules, which are derivatives of crude oil, hence the price is determined by global crude oil prices. The Group’s revenues and margins remained under pressure owing to muted realisation following a decline in raw material prices and intense competition, resulting in subdued volumes, which led to a 8% decline in sales in FY2025 on a YoY basis.

## Liquidity position: Adequate

The Group’s liquidity remains adequate, supported by cushion available in the form of buffer of Rs. 23.7 crore as on March 31, 2025, and utilisation of 63% in working capital limits over the last 12-month period ending in March 2025. The company has an investment book of Rs. 31.8 crore deployed in securities, coupled with cash and bank balance of Rs. 1 crore as on March 31, 2025. The company has an annual repayment obligation of Rs. 1-1.5 crore towards term loan and maintenance capex, which are expected to be funded by internal accruals. The promoters have infused unsecured loans and are expected to provide need-based funding as and when required.

## Rating sensitivities

**Positive factors** – ICRA could upgrade PIL’s rating if the Group demonstrates a healthy and sustained growth in its overall scale of operations and profitability, leading to consistent improvement in coverage indicators and liquidity position.

**Negative factors** – Negative pressure on the rating could arise if lower than expected accruals, due to a notable decline in revenues and/or profitability of the Group, materially impacts the financial profile or elongation in the working capital cycle, weakens the liquidity position. Specific credit metrics of interest cover below 2.8 times on a sustained basis would pose a downward pressure on the rating.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of Pristine Industries Limited and Priyadarshini Polysacks Limited (as mentioned in Annexure-II), given its operations in the same business sector and a common management.

## About the company

PPL and PIL are part of the Kolhapur-based Sanghvi Group. While PPL is the flagship company, Pertinent Infra & Energy Ltd. (PIEL) and Kalpaturu Textile Mills Limited remain the other entities in the packaging material and renewable energy focused Group. The Group is promoted by the Sanghvi family members, who closely control its operations.

PIL was formerly known as Century Financial Resources Ltd. and was engaged in extending unsecured loans to PPL. Its only income was the interest received on such loans. PPL repaid these loans in FY2011 and subsequently the company, renamed as Pristine Industries Limited, set up a plant in Rajasthan in FY2012 to manufacture and supply PP woven sacks for the cement manufacturing players of Gujarat and Rajasthan. The plant has an annual production capacity of 7,500 MT (9.4 crore bags).

PPL manufactures PP woven sacks from its manufacturing facility at Kolhapur, with an annual production capacity of 16,000 MT (20 crore bags). The company remains focussed on cement, sugar, and vegetable product (leno bags) sectors.

#### Key financial indicators

Consolidated	FY2024	FY2025*
Operating income	238.9	220.3
PAT	12.1	8.2
OPBDIT/OI	8.5%	6.9%
PAT/OI	5.1%	3.7%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDIT (times)	1.2	1.3
Interest coverage (times)	5.7	5.0

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

#### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

#### Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	June 27, 2025	Date	Rating	Date	Rating	Date	Rating
Long term-cash credit-fund based	Long Term	18.00	[ICRA]BBB-(Stable)	-	-	Mar 25, 2024	[ICRA]BBB-(Stable)	Dec 26, 2022	[ICRA]BBB-(Stable)
Long term / short term-others-interchangeable	Long Term/Short Term	(1.00)	[ICRA]BBB-(Stable)/[ICRA]A3	-	-	Mar 25, 2024	[ICRA]BBB-(Stable)/[ICRA]A3	Dec 26, 2022	[ICRA]BBB-(Stable)/[ICRA]A3
Long term / short term-unallocated-unallocated	Long Term/Short Term	6.00	[ICRA]BBB-(Stable)/[ICRA]A3	-	-	Mar 25, 2024	[ICRA]BBB-(Stable)/[ICRA]A3	Dec 26, 2022	[ICRA]BBB-(Stable)/[ICRA]A3
Long term-term loan-fund based	Long Term	1.00	[ICRA]BBB-(Stable)	-	-	Mar 25, 2024	[ICRA]BBB-(Stable)	Dec 26, 2022	[ICRA]BBB-(Stable)

#### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term - Cash Credit	Simple
Long term - Term Loans	Simple
Long term/Short term – Interchangeable	Very Simple
Long term/Short term – Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

## Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term – Cash Credit	NA	NA	NA	18.00	[ICRA]BBB-(Stable)
NA	Long term – Term Loan	July 2022	NA	July 2027	1.00	[ICRA]BBB-(Stable)
NA	Long term/ Short term – Interchangeable	NA	NA	NA	(1.00)	[ICRA]BBB-(Stable)/ [ICRA]A3
NA	Long term/ Short term – Unallocated	NA	NA	NA	6.00	[ICRA]BBB-(Stable)/ [ICRA]A3

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Priyadarshini Polysacks Limited	NA	Full Consolidation
Pristine Industries Limited	NA	Full consolidation

\*Consolidated on the basis of operations in the same business sector and a common management

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