

Press Release
NEERU`S ENSEMBLES PRIVATE LIMITED
November 21, 2025
Rating Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Sho Rating
Bank Loan Ratings	51.00	ACUITE BB- Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	51.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded the long-term rating to '**ACUITE BB-**' (read as **ACUITE double B minus**) from '**ACUITE C**' (read as **ACUITE C**) on the Rs. 51.00 crore bank facilities of Neeru's Ensembles Private Limited (NEPL). The outlook is '**Stable**'.

Rationale for the Rating

The upgrade of NEPL's rating is supported by the curing period attained for the 1 day delay in repayment reflected in one of the term loans in March 25.

The rating factors the flat line performance of operations with an operating margin of 8.98 % in FY 25 (Prov.). The topline is almost stagnant due to reduction in average selling price of the products albeit higher volumes. The scale of operation is expected to remain at similar level for the year FY26. The company is also monetising on non-core business activity by way of tripartite JDA with Aparna Real Estate Constructions for land of promoters and the same is expected to continue for next 2-3 years. The financial risk profile continues to remain weak due to capital structure and weak debt protection metrics. The company has stretched liquidity marked by net cash accruals of Rs. 12.79 Cr. in FY2025 (Prov.) as against Rs. 13.73 Cr. of debt obligation over the same period. The directors of the company are flexible to bring funds through unsecured loans which was utilised to meet the shortfall in debt servicing. However, the company's working capital cycle remains intensive as GCA days stood at 386 days in FY2025 (Prov.) mainly due to high inventory. Furthermore, the company faces stiff competition from large and fragmented Readymade garment industry.

About the Company

Neeru's Ensembles Private Limited (NEPL), a Hyderabad-based company founded by Late Mr. Harish Kumar and Ms. Neeru Kumar, was initially established as a wholesale trading firm in 1971. It was incorporated as a private limited company in 2005 and is currently managed by Ms. Neeru Kumar, and Mr. Avnish Kumar, who serve as directors. The company is engaged in the business of selling ethnic apparel for women.

NEPL previously operated three small manufacturing facilities located in Hyderabad, Mumbai, and Delhi. However, the company now operates only in two of these facilities—Hyderabad and Delhi—since the Mumbai facility has been closed due to high operating expenses. The company has about 40 showrooms pan India.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of NEPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and geographically diversified operations:

NEPL was set up by Late Mr. Harish Kumar, Ms. Neeru Kumar who has an experience of over four decades of experience in this industry. Currently, Mr. Avnish Kumar has been looking after the business since a decade. The company enjoys benefits from the pan India presence in multiple cities with ~40 showrooms half of which major presence is in Hyderabad and has built a brand recognition by the name of "Neeru's". The company has also developed healthy relationship with its suppliers and job workers for outsourcing their production works. Acuite believes that the company will be able to benefit over the medium term from the business acumen of the promoters.

Weaknesses

Below Average financial risk profile

The below average financial risk profile is marked by increasing net worth, weak gearing and moderate debt protection metrics. The tangible net worth stood at Rs.25.76 Cr. in FY2025 (Prov.) as against Rs.19.47 Cr. in FY2024 due to accretion of reserves. The gearing stood at 8.37 times in FY2025 (Prov.) as against 10.53 times in FY2024 mainly due to high interest free unsecured loan from promoters of Rs. 83.39 cr. The interest coverage ratio stood at 1.84 times in FY2025 (Prov.) as against 1.85 times in FY2024. The debt service coverage ratio stood at 0.97 times in FY2025 (Prov.) as against 0.99 times in FY2024. The debt repayment was made by timely infusing unsecured loans. TOL/TNW stood at 10.26 times in FY2025 (Prov.) as compared to 12.88 times in FY2024. Acuite believes the financial risk profile is expected to remain at similar levels due to skewed capital structure over the medium term.

Working capital intensive operations

The operations of the company are marked intensive by GCA (Gross Current Asset) days at 386 days in FY2025 (Prov.) as against 381 days in FY2024. Inventory days stood at 309 days in FY2025(Prov.) as compared to 250 days in FY2024 due to high level of stocks (Finished goods in showrooms and warehouses). The debtor days stood at 61 days in FY2025 (Prov.) matching the same in FY2024 mostly pertaining to sale from institutional buyers or credit card-based billing on last day of the year. The creditor days stood at 193 days in FY2025 (Prov.) as against 141 days in FY2024. Acuité believes that the working capital cycle will continue to remain in the similar levels over the medium term.

Rating Sensitivities

- Improvement in the revenue and the profit margins.
- Working capital cycle
- Improvement in capital structure

Liquidity Position

Stretched

The company has stretched liquidity marked by net cash accruals of Rs. 12.79 Cr. in FY2025 (Prov.) as against Rs. 13.73 Cr. of debt obligation over the same period. The directors of the company are flexible to bring funds through unsecured loans, and the shortfall was met by the

same. The working capital cycle of the company is high marked by GCA (Gross Current Asset) of 386 days in FY2025 (Prov.) as against 381 days in FY2024 due to high inventory levels. The cash and bank balance stood at Rs.1.72 Cr. in FY2025 (Prov.) as compared to Rs. 1.58 Cr. in FY2024. The current ratio stood at 1.68 times in FY2025(Prov.) as compared to 1.80 times in FY2024. Moreover, the consolidated fund-based limit was utilized at 93 per cent ended 6-months October 2025. Acuite believes that the company's liquidity will be at similar stretched levels over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	180.87	184.69
PAT	Rs. Cr.	6.29	7.75
PAT Margin	(%)	3.48	4.20
Total Debt/Tangible Net Worth	Times	8.37	10.53
PBDIT/Interest	Times	1.84	1.85

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Apr 2025	Cash Credit	Long Term	25.00	ACUITE C (Downgraded from ACUITE BB- Stable)
	Cash Credit	Long Term	11.90	ACUITE C (Downgraded from ACUITE BB- Stable)
	Working Capital Demand Loan (WCDL)	Long Term	14.10	ACUITE C (Downgraded from ACUITE BB- Stable)
19 Aug 2024	Cash Credit	Long Term	11.90	ACUITE BB- Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	25.00	ACUITE BB- Stable (Upgraded from ACUITE B+)
	Working Capital Demand Loan (WCDL)	Long Term	14.10	ACUITE BB- Stable (Upgraded from ACUITE B+)
07 Jun 2024	Proposed Long Term Bank Facility	Long Term	0.10	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Cash Credit	Long Term	11.90	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Cash Credit	Long Term	13.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Working Capital Term Loan	Long Term	10.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Cash Credit	Long Term	16.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
10 Mar 2023	Cash Credit	Long Term	16.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Working Capital Term Loan	Long Term	10.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	13.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	11.90	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	0.10	ACUITE BB- (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.90	Simple	ACUITE BB- Stable Upgraded (from ACUITE C)
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BB- Stable Upgraded (from ACUITE C)
Tata Capital Limited	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.10	Simple	ACUITE BB- Stable Upgraded (from ACUITE C)

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About Acuité Ratings & Research

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