



**Press Release**  
**D2 INTERNATIONAL PRIVATE LIMITED**  
**April 01, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	9.00	ACUITE BBB+   Stable   Reaffirmed	-
Bank Loan Ratings	50.00	-	ACUITE A2   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	59.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of ‘**ACUITE BBB+**’ (read as **ACUITE triple B plus**) and the short-term rating of ‘**ACUITE A2**’ (read as **ACUITE A two**) on the Rs.59.00 Cr. bank facilities of D2 International Private Limited (DIPL). The outlook is ‘**Stable**’.

**Rationale for Rating**

The rating reaffirmation factors in the moderation in operating performance, above average financial risk profile and adequate liquidity position of the company. The rating also factor in the experienced promoters with long operational track record of the company. However, the rating is constrained on the account of working capital intensive operations, high geographic concentration risk, susceptibility of profitability to fluctuations in raw material prices and exposure to forex risk.

**About the Company**

D2 International was established as a partnership firm in 1998 in West Bengal, which got converted into a private limited company in November 2019 as D2 International Private Limited (DIPL). The company is engaged in manufacturing and exporting of leather bags and wallets to international retailers spread across Europe and the USA. The company has its manufacturing units at Kasba Industrial Estate and Bantala in West Bengal with a total production capacity of around 4 lacs pieces per annum for leather handbags. The company is promoted by Mr. Rajiv Bhatia and Mrs. Diksha Bhatia.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of D2 International Private Limited (DIPL) to arrive at the rating.

**Key Rating Drivers**

## **Strengths**

### **Extensive Experience of Promoters and long operational track record**

The promoter, Mr. Rajiv Bhatia has experience of more than two decades in leather product manufacturing and export business, which has helped the company establish a strong customer base over the years. Currently, the second generation, Mr. Viraj Bhatia and Mr. Vashisht Bhatia have also entered the business. The long-standing experience of the promoters and long operational track record has consequently helped them to establish high

customer vintage, loyalty and a strong connect with its overseas customers and comfortable relationships with key suppliers. Its customer base includes international brands such as Marks and Spencer's, Radley and co., Adolfo Dominguez, Piquadro, etc with whom the company has an established relationship of over a decade, thus entails repeat orders.

Acuité believes that, DIPL would benefit from the promoter's extensive experience and its establish relationship with key customers to ensure repeat orders..

#### **Moderation in Operating performance albeit expected improvement in current fiscal**

The company has achieved revenues of Rs.117.17 Cr. in FY2024 as compared to revenues of Rs.133.90 Cr. in FY2023. The decline in the overall revenue is because of the challenges posed by UK and EU economy including red sea crisis which impacted the supply chain management. Moreover, DIPL has achieved revenues of Rs.135.12 Cr. in 11MFY2025 and thus targeting to close the year at Rs.147 crore.

The profitability of the company remained volatile in last three years, owing to fluctuations in the leather prices, substantial increase in labour costs amid increment in minimum wage. The operating profit margin declined marginally to 9.86 per cent in FY2024 as against 10.39 per cent in FY2023 and 9.62 per cent in FY2022. The EBITDA margin for 9MFY25 stands at 10.74 per cent and is expected to remain in the similar range in near to medium term. However, the fluctuations are partially offset by company's ability to pass on the price increase to its customers which largely mitigates the risk. The PAT margin stood at 4.43 percent in FY2024 as against 5.15 percent in FY2023 and 4.65 per cent in FY2022. Acuite believes that, DIPL's operating performance would improve steadily on the back of repeat orders from key customers and revival of European markets to an extent.

#### **Above average financial risk profile**

The company's financial risk profile is above average marked by moderate net worth, low gearing and comfortable debt protection metrics. The tangible net worth of the company improved to Rs.49.48 Cr. as on March 31, 2024 from Rs.44.30 Cr. as on March 31, 2023, on account of accretion to reserves. Total debt of the company stood at Rs.25.62 Cr. includes long term debt of Rs.7.17 Cr, Short term debt of Rs.18.33 Cr, and maturing portion of debt obligation of Rs.0.12 Cr.

Gearing (debt-to-equity) of the company stood at 0.52 times as on March 31, 2024 as compared to 0.69 as on March 31, 2023. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.88 times as on March 31, 2024 as against 0.90 times as on March 31, 2023. The Debt /EBITDA of DIPL stood at 2.19 times as on March 31, 2024 as against 2.16 times as on March 31, 2023. The comfortable debt protection metrics of the company is marked by Interest Coverage Ratio (ICR) at 4.47 times in FY2024 as against 5.11 times in FY2023; and Debt Service Coverage Ratio (DSCR) at 1.86 times in FY2024 as against 2.35 times in FY2023. Net Cash Accruals/Total Debt (NCA/TD) stood moderate at 0.28 times as on March 31, 2024.

Acuité believes that financial risk profile of DIPL will improve in the medium term on the back of repayment of entire long term debt and absence of major debt funded capex.

#### **Weaknesses**

##### **Working capital intensive operations**

The operations of the company remained working capital intensive, marked by Gross Current Assets (GCA) of 231 days in 31st March 2024 as compared to 179 days on 31st March 2023. The stretch in the GCA days is mainly on account of elongated debtor period which stood at 119 days as on March 31, 2024 as against 94 days as on 31st March 2023. Further the working capital operations are expected to remain intensive in near to medium terms. The supply chain crisis, along with increased container turnaround time had a domino effect on the receivable cycle, increasing the average debtor days, as the company mainly receives payment against Documents against Acceptance (DA bills) and against payment (DP bills). The fund based limit remained moderately utilised at ~52.43 percent over the seven months ended November 30, 2024. Acuite believes, the operations of the company would remain working capital intensive on the back of elongated debtor days.

##### **Geographic concentration risk**

The company is exposed to geographical concentration risks as the major portion i.e. over 90 per cent of the revenues coming from the European markets, thus the company remains susceptible to demand cyclicity in the end-user markets. However, the risk is mitigated to an extent as DIPL has an established relations of over a decade with its key customers in European markets.

##### **Susceptibility to fluctuations in raw material prices and Forex risk**

Fluctuations in raw material prices have led to increased production costs, significantly impacting the company's operating profit margins. Further, being an export-oriented entity, the company remains exposed to adverse changes in foreign currency, as it exports over 90 per cent of its sales to European countries with imports constituting ~ 5-10 per cent of purchases. While the forex risk is mitigated to an extent by natural hedging, the

company is also using forward contracts to hedge the ~80 per cent of its exposure. This insulates the company from adverse fluctuations in the forex rates to a great extent.

### **Rating Sensitivities**

- Sustained improvement in revenue along with improvement in profitability margins
- Elongation of working capital cycle leading to full utilisation of working capital limits or stretch on liquidity position
- Changes in the financial risk profile

### **Liquidity Position Adequate**

Liquidity is adequate marked by moderate net cash accruals (NCA) of Rs.7.28 Cr. as on March 31, 2024 as against long term debt repayment of Rs.2.71 Cr. over the same period. Going forward, DIPL is expected to generate NCAs in the range of Rs.10-12 Cr. against maturing debt obligation less than Rs.0.50 crore during FY25 and FY26. The cash and bank balances of the company stood at Rs.3.01 Cr. as on March 31, 2024. The current ratio stood at 2.10 times as on March 31, 2024 and the fund based limit remained moderately utilised at ~52.43 percent for the seven months ended November 30, 2024. Acuité believes that going forward the company will maintain adequate liquidity position due to steady accruals.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	117.17	133.90
PAT	Rs. Cr.	5.19	6.90
PAT Margin	(%)	4.43	5.15
Total Debt/Tangible Net Worth	Times	0.52	0.69
PBDIT/Interest	Times	4.47	5.11

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

Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**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, Acuité 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Jan 2024	PC/PCFC	Short Term	42.00	ACUITE A2 (Reaffirmed)
	PC/PCFC	Short Term	8.00	ACUITE A2 (Reaffirmed)
	Term Loan	Long Term	5.50	ACUITE BBB+   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	2.10	ACUITE BBB+   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.40	ACUITE BBB+   Stable (Reaffirmed)
23 Nov 2022	PC/PCFC	Short Term	28.50	ACUITE A2 (Reaffirmed)
	Bills Discounting	Short Term	7.20	ACUITE A2 (Reaffirmed)
	PC/PCFC	Short Term	6.30	ACUITE A2 (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.20	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	3.10	ACUITE BBB+   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	5.60	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	0.03	ACUITE BBB+   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	8.07	ACUITE BBB+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2026	1.40	Simple	ACUITE BBB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A2   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.00	Simple	ACUITE A2   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.60	Simple	ACUITE BBB+   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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