



**Press Release**  
**PRACHI INDIA PRIVATE LIMITED**  
**October 16, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.40	ACUITE BB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	20.40	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

ACUITE has reaffirmed its long term rating of **ACUITE BB'- (read as ACUITE double B minus)** on the Rs.20.40 Crore bank facilities of Prachi India Private Limited (PIPL). The outlook is '**Stable**'.

**Rationale for Rating**

The rating reaffirmation takes into account the established track record of operations and experienced management of more than three decades in printing and media industry. Further, the rating takes into consideration growing revenue which stood at Rs. 80.10 Cr. in FY24 (Prov) against Rs. 73.62 Crore in FY23. The increase in revenue is contributed by increased order size on y-o-y basis and re-opening of schools. These strengths are however, partly offset by the intensive working capital nature of operations marked by elongated debtor days of 323 days as on 31st March, 2024 (Prov) and stretched liquidity. Further, the rating factors in moderate financial risk profile characterized by gearing at 1.11 times as on 31st March, 2024 (Prov) and debt protection metrics.

**About the Company**

Prachi India Private Limited is based in Delhi, India and have its warehouse at Sonipat, Haryana. The company was incorporated in 1999 and is engaged in business as an educational publisher operating in India. Currently it is managed by Mr. Mukesh Tyagi, Mr. Rakesh Tyagi and Mrs. Savitri Tyagi.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone financial and business risk profiles of PIPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and established track record of operations**

PIPL has been engaged in business as an educational publisher since 1999. Currently the company is managed by Mr. Mukesh Tyagi, Mr. Rakesh Tyagi and Mrs. Savitri Tyagi who has an experience of about more than three

decades in same industry. Acuite believes that PIPL will continue to benefit from its established track record and experience of promoters in this line of business.

**Increased in Revenue and slight decline in Profitability**

The company has achieved a turnover of Rs. 80.10 Cr. in FY24 (Provisional) against Rs. 73.62 Crore in FY23. The EBITDA margins of the company declined and stood at 6.91% in FY24 (Provisional) against 9.45% in FY23 due to increase in operating expenses post pandemic. Further, the PAT margin of the company improved and stood at 16.60 % in FY24 (Provisional) as compared to 2.26% in FY23 mainly due to profit on sale on asset in FY24 (prov.). Acuite believes that the operating profile of the company is expected to remain same over near to medium term.

**Moderate Financial risk Profile**

The financial risk profile of the company is marked by net-worth of Rs. 28.73 Crore in FY24 (Provisional) against

Rs. 15.44 Crore in FY23. The total debt of the company is Rs. 31.74 Crore in FY24 (Provisional) as compared to Rs. 46.09 Crore in FY23. The gearing of the company stood at 1.11 times as on 31st March 2024 (Provisional) against 2.99 times as on 31st March 2023. The interest coverage ratio of the company stood at 6.43 times as on 31st March 2024 (Provisional) against 1.77 times as on 31st March 2023. The DSCR ratio of the company stood at 3.55 times as on 31st March 2024 (Provisional) against 0.96 times as on 31st March 2023. Acuite believes that the financial risk profile of the company may improve in the absence of debt funded capex plans in near future.

## **Weaknesses**

### **Working capital operations**

The working capital operations of the company are highly intensive marked by GCA days which stood at 423 days as on 31st March 2024 (Provisional) against 420 days as on 31st March 2023. The GCA days are on same level on account of the inventory days which stood at 95 days as on 31st March 2024 (Provisional) against 86 days as on 31st March 2023 which is mainly elongated during October-December and debtor days which stood at 323 days.. On the other hand, the creditor days of the company stood at 301 days as on 31st March 2024 (Provisional) against 410 days as on 31st March 2023.

Acuite believes that working capital operations may continue to remain intensive due to elongated realisations.

### **Rating Sensitivities**

- Movement in the operating performance and profitability.
- Working capital cycle

## **Liquidity Position**

### **Stretched**

The liquidity profile of the company is stretched. The company has generated net cash accruals of Rs. 14.06 Crore (including profits generated from sale of assets of Rs. 14.18 Cr. as on 31st March 2024 (Provisional) against the debt repayment obligations of Rs. 1.74 Crore in the same period and made the repayment to bank. The current ratio of the company stood at 1.61 times as on 31st March 2024 (Provisional) against 1.34 times as on 31st March 2023. The average bank limit utilization of the company stood at 94.46% in last 7 months ending March 2024.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	80.10	73.62
PAT	Rs. Cr.	13.30	1.67
PAT Margin	(%)	16.60	2.26
Total Debt/Tangible Net Worth	Times	1.11	2.99
PBDIT/Interest	Times	6.43	1.77

**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>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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. Acuité'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
21 Jul 2023	Cash Credit	Long Term	8.00	ACUITE BB-   Stable (Assigned)
	Working Capital Term Loan	Long Term	7.77	ACUITE BB-   Stable (Assigned)
	Funded Interest Term Loan	Long Term	1.88	ACUITE BB-   Stable (Assigned)
	Covid Emergency Line.	Long Term	2.75	ACUITE BB-   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
Karur Vysya Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE BB-   Stable   Reaffirmed
Karur Vysya Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	14 Sep 2025	1.36	Simple	ACUITE BB-   Stable   Reaffirmed
Karur Vysya Bank	Not avl. / Not appl.	Funded Interest Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Sep 2026	1.53	Simple	ACUITE BB-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.21	Simple	ACUITE BB-   Stable   Reaffirmed
Karur Vysya Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2028	7.30	Simple	ACUITE BB-   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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