Press Release
PRITS GROUP PRIVATE LIMITED
July 04, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	32.00	ACUITE BB+ | Stable | Assigned	-
Bank Loan Ratings	20.00	-	ACUITE A4+ | Assigned
Total Outstanding Quantum (Rs. Cr)	52.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale
Acuite has assigned long term rating of **'ACUITE BB+' (read as ACUITE double B plus)** on the Rs. 32 Cr. bank facilities and short-term rating of **'ACUITE A4+' (read as ACUITE A four plus)** on the Rs. 20 Cr. bank facilities of Prits Group Private Limited. The outlook is **'Stable'**.

Rationale for rating
The rating takes into account benefits derived from experienced management, increasing revenues and operating profitability, above average financial risk profile, moderate working capital cycle, adequate liquidity; However these strengths are partly offset by geographic concentration risk.

About the Company
Incorporated in 2009, Prits Group Private Limited is a Noida based company engaged in manufacturing and exports of leather, textile garments and accessories like handbags, belts to Europe, USA and UK. The company has 5 manufacturing facilities at Noida with production capacity of 5,00,000 pieces per annum for leather and textile garments and 2,50,000 pieces per annum for accessories. The directors of the company are Mr Ashwani Bhatia, Mr. Vivek Khanna & Mrs. Seema Bhatia.

Unsupported Rating
Not Applicable

Analytical Approach
Acuite has considered standalone business and financial risk profile of Prits Group Private Limited to arrive at its rating

Key Rating Drivers

Strengths
Benefits derived from Experienced promoters
The operations of the company are managed by Ms. Ashwani Bhatia, Mr. Vivek Khanna & Mrs. Seema Bhatia. They hold experience in leather product manufacturing and export business. The customer base includes brands like Claudie Pierlot, Free People, Maje among others with whom the company has established healthy relationship leading to repeat orders. Acuite believes that the promoters experience and relationship with customers will benefit the company going forward.

Increasing Revenues and operating profitability
The revenues have increased to Rs. 123.06 Cr. as on March 31, 2025(Prov.) as compared to Rs. 95.58 Cr. as on March 31, 2024 due to increase in exports sales. The operating profitability has increased to 7.76 percent as on March 31, 2025(Prov.) as compared to 6.26 percent as on March 31, 2024. The Company procures repeat orders to be executed in 3-4 month timelines providing it revenue visibility.

The company is undergoing capex with a project cost of Rs. 43.17 Cr. to be funded in a mix of debt (term loan of Rs. 32 Cr.) and internal accruals to merge all 5 manufacturing units at a different location in Noida. The commercial production is expected to start from March 2026 at this new unit. Acuite believes that with the new capex the operational efficiency of the plant alongwith better absorption of fixed costs would be established over the medium term.

Above Average financial risk profile

The financial risk profile of the company is marked above average by improving net worth, moderate gearing and debt protection metrics. The tangible net worth of the company stood at Rs. 52.48 Cr. as on March 31, 2025(Prov.) as compared to Rs. 45.83 Cr. as on March 31, 2024 due to accretion to reserves. The gearing of the company stood at 0.28 times as on March 31, 2025(Prov.) as compared to 0.19 times as on March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.73 times as on March 31, 2025(Prov.) as compared to 0.68 times as on March 31, 2024. The debt protection metrices of the company remain moderate marked by Interest Coverage ratio of 4.10 times as on March 31, 2025(Prov.) and debt service coverage ratio (DSCR) of 3.11 times for March 31, 2025(Prov.). The net cash accruals to total debt (NCA/TD) stood at 0.52 times as on March 31, 2025(Prov.) as compared to 0.67 times as on March 31, 2024. Acuité believes that the financial risk profile will remain above average over the medium term, with steady cash accruals albeit slight moderation of gearing due to debt funded capex.

Moderate Working Capital Cycle

The working capital cycle of the company is moderate as reflected by Gross Current Assets (GCA) of 135 days for March 31, 2025(Prov.) as compared to 182 days for March 31, 2024. The debtor period stood at 73 days as on March 31, 2025(Prov.) as compared to 88 days as on March 31, 2024. At times, a few customers stretch the payments but there has not been any instance of bad debts. Further, the inventory days of the company stood at 25 days as on March 31, 2025(Prov.) as compared to 31 days in FY2024. The other current assets include GST and duty drawback receivables. The creditors stood at 77 days as on March 31, 2025(Prov.) as compared to 91 days as on March 31, 2024. Acuité believes that the working capital operations of the company will remain at the similar levels over the medium term.

Weaknesses

Geographic concentration risk

The company is exposed to geographical concentration risks as the major portion i.e. about 80 per cent of the revenues coming from the European markets, thus the company remains susceptible to demand cyclicality in the end-user markets. However, the risk is mitigated to an extent as PGPL has established relations 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.

Rating Sensitivities

Movement in revenues and operating profitability
Working capital cycle
Larger than expected Debt funded capex

Liquidity Position

Adequate

The company has adequate liquidity marked by net cash accruals of Rs 7.77 Cr. as on FY2025 (Prov.) as against long term debt of Rs. 0.24 Cr. over the same period. The cash and bank balance stood at Rs. 0.80 Cr. as on March 31, 2025(Prov.) and Rs. 0.53 Cr. as on March 31, 2024. Further, the current ratio of the company stood at 1.66 times as on March 31, 2025(Prov.) as compared to 1.69 times as on March 31, 2024. The average bank limit utilization last six months ended April 2025 is 44 percent. The Company has a debt funded capex plan of Rs. 43.17 Cr. to be funded in debt equity of 3:1 times. Acuité believes that the liquidity of the company is to remain adequate over the near to medium term on account of steady cash accruals against minimum debt obligations, healthy current ratio and moderate working capital cycle,albeit debt funded capex plans.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	123.06	95.58
PAT	Rs. Cr.	6.66	4.66
PAT Margin	(%)	5.41	4.87
Total Debt/Tangible Net Worth	Times	0.28	0.19
PBDIT/Interest	Times	4.10	5.93

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

CRISIL, vide its press release dated May 31st, 2025 had denoted the rating of Prits Group Private Limited Limited as 'CRISIL D/D; REAFFIRMED AND ISSUER NOT CO-OPERATING'.
IND-RA, vide its press release dated March 18th, 2025 had denoted the rating of Prits Group Private Limited Limited as 'IND-RA B+/Negative/A4; DOWNGRADED AND ISSUER NOT CO-OPERATING'.

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.

Rating History:Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.60	Simple	ACUITE A4+ | Assigned
Canara Bank	Not avl. / Not appl.	Forward Contracts	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.40	Simple	ACUITE A4+ | Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2034	32.00	Simple	ACUITE BB+ | Stable | Assigned

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations Vedika Lahoti Associate Analyst-Rating Operations	**Contact details exclusively for investors and lenders** Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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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