

Press Release

Indian Drape Private Limited

December 28, 2018

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	ACUITE BB+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE BB+**' (read as **ACUITE BB plus**) on the Rs. 8.00 crore bank facilities of Indian Drape Private Limited. The outlook is '**Stable**'.

The Mumbai-based IDPL incorporated in 1996 is engaged in the manufacturing of home furnishing fabrics. The company acquired the proprietorship concern of Mr. Jayesh Dave established in 1988. The day-to-day operations are managed by Mr. Jayesh Dave and Mr. Yash Dave (Directors). Installed capacity is 12 lacs meter per annum.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of IDPL to arrive at the rating.

Key Rating Drivers

Strengths

- Established Management and Long Track Record of Operations**

IDPL was incorporated in 1996 since and was promoted by Mr. Jayesh Dave and Mr. Yash Dave who possesses over two decades of experience in the textile industry. This helps IDPL to maintain long relations with its customers and suppliers.

- Above Average Financial Risk Profile with improvement in margins**

IDPL has above average financial risk profile marked by net worth of Rs. 16.75 crore as on 31 March 2018 as against Rs. 14.65 crore as on 31 March 2017. The gearing (debt-equity) stood at 0.64 times as on 31 March 2018 as against 0.72 times as on 31 March 2017. Interest Coverage Ratio (ICR) stood at 3.71 times for FY2017-18 as against 2.76 times in FY2016-17. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.79 times as on 31st March 2018 as against 0.88 times as on 31st March 2017. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.32 times as on 31st March 2018 as against 0.21 times as on 31st March 2017. Further IDPL has registered improvement in profitability margins. The EBITDA margins have improved to 15.92 percent in FY2018 as against 14.59 percent in FY2017. However the ability of the company to maintain the margin will be key rating sensitive factor going forward.

Weaknesses

- Moderate Scale of Operations**

In spite in the same line of business for more than two decades the scale of operations of IDPL has been moderate and stands at Rs.31.01 crores in FY2018 as compared to revenues of Rs. 29.31 crores in FY2017.

- Working Capital Operations Intensive**

IDPL operates in a working capital intensive nature of business marked by Gross Current Asset (GCA) of 205 days in FY2018 compared to 197 days in FY2017. The GCA days mainly on account of higher inventory days of 122 days in FY2018 as against 121 days in FY2017. However the average cash credit utilization stood at ~52 percent for last six months ended November 2018.

Outlook: Stable

Acuite believes that IDPL will maintain a 'Stable' business risk profile over the medium term based on its established track record of operations and experienced management. The outlook may be revised to 'Positive' in case the company registers a substantial increase in the scale of operations while maintaining profit margins. Conversely the outlook may be revised to 'Negative' in case the company fails to achieve the projected scalability in revenues amidst intensifying competition or in case of deterioration in the company's financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	31.01	29.31	33.41
EBITDA	Rs. Cr.	4.94	4.28	3.85
PAT	Rs. Cr.	2.12	1.12	1.00
EBITDA Margin	(%)	15.92	14.59	11.52
PAT Margin	(%)	6.83	3.81	3.01
ROCE	(%)	16.84	12.87	12.72
Total Debt/Tangible Net Worth	Times	0.64	0.72	0.95
PBDIT/Interest	Times	3.71	2.76	2.77
Total Debt/PBDIT	Times	1.85	2.42	3.11
Gross Current Assets (Days)	Days	205	197	186

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
17-Apr-2018	Cash Credit	Long Term	INR 6	ACUITE BB+ / Stable (Reaffirmed)
	Term Loan I	Long Term	INR 0.31	ACUITE BB+ / Stable (Reaffirmed)
	Term Loan II	Long Term	INR 0.38	ACUITE BB+ / Stable (Reaffirmed)
	Term Loan III	Long Term	INR 1.09	ACUITE BB+ / Stable (Reaffirmed)
	Proposed	Long Term	INR 0.22	ACUITE BB+ / Stable (Reaffirmed)
31-Aug-2017	Cash Credit	Long Term	INR 6	ACUITE BB+ / Stable (Reaffirmed)
	Term Loan I	Long Term	INR 0.33	ACUITE BB+ / Stable (Reaffirmed)

06-May-2016	Term Loan II	Long Term	INR 0.63	ACUITE BB+ / Stable (Reaffirmed)
	Term Loan III	Long Term	INR 0.45	ACUITE BB+ / Stable (Reaffirmed)
	Proposed	Long Term	INR 0.59	ACUITE BB+ / Stable (Reaffirmed)
	Cash Credit	Long Term	INR 6	ACUITE BB+ / Stable (Assigned)
	Term Loan I	Long Term	INR 0.33	ACUITE BB+ / Stable (Assigned)
06-May-2016	Term Loan II	Long Term	INR 0.63	ACUITE BB+ / Stable (Assigned)
	Term Loan III	Long Term	INR 0.45	ACUITE BB+ / Stable (Assigned)
	Proposed	Long Term	INR 0.59	ACUITE BB+ / Stable (Assigned)
	Cash Credit	Long Term	INR 6	ACUITE BB+ / Stable (Assigned)
	Term Loan I	Long Term	INR 0.33	ACUITE BB+ / Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE BB+ / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	1.60	ACUITE BB+ / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.38	ACUITE BB+ / Stable (Withdrawn)
Proposed	Not Applicable	Not Applicable	Not Applicable	0.40	ACUITE BB+ / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	1.09	ACUITE BB+ / Stable (Withdrawn)

Contacts

Analytical	Rating Desk
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About Acuité Ratings & Research:

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