



**Press Release**  
**Indian Drape Private Limited**  
**October 09, 2023**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	8.00	ACUITE BB   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	8.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) on the Rs.8.00 Cr bank facilities of Indian Drape Private Limited (IDPL). The outlook is '**Stable**'.

**Rationale for Rating Reaffirmation**

The rating reaffirmation considers IDPL's stable operating and financial performance. The operating income grew to Rs.17.00 Cr in FY2023(Prov) from Rs.13.27 Cr in FY2022. The operating margins stood at 11.33 percent in FY2023(Prov) against 12.16 Percent in FY2022. The financial risk profile stood healthy with low gearing, healthy net-worth and comfortable debt protection metrics. The gearing levels stood low at 0.57 times as on 31st March 2023(Prov) against 0.48 times in FY2022.

Going ahead, IDPL's ability to sustain steady growth in revenues while maintaining its capital structure and restricting significant elongations in working capital operations will remain a key rating sensitivity.

**About the Company**

Indian Drape Private Limited is a Maharashtra based company incorporated in the year 1996. The company is engaged into manufacturing of home furnishing fabrics like curtain, upholster and other decorative. These products are made with different types of fabrics like velvet, woven, knit, nylon, polyester, cotton, etc. The day to day operation of the company is managed by its directors, Mr.Jayesh Dave and Ms.Palak Dave who have an experience of more than three decades in the textile industry. The company has its manufacturing unit at Bhiwandi, Maharashtra with an installed capacity of 12 lakh meters per annum. The company has a division named J&Y Fabrics, which is used as a trademark for the orders catering small quantity. However, the bulk orders are catered under the name of Indian Drape Private Limited.

**Standalone (Unsupported) Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of Indian Drape Pvt Ltd(IDPL) to arrive at this rating.

**Key Rating Drivers**

**Strengths**

Established track record of operations and experienced management

IDPL was incorporated in the year 1996, however, the business was started in the year 1981 under a proprietorship concern headed by Mr. Jayesh Dave. Currently, the company is managed by Mr. Jayesh Dave and Ms. Palak Dave, who have been engaged in the afore-

mentioned industry for around three decades. The extensive experience of the promoters and established track record of operation has helped the company to maintain healthy relationships with its customer and suppliers. The company has wide customer base marked by tie up with around 400 wholesalers across India thus mitigating any instance of geographical concentration risk.

Acuite believes that the company will continue to benefit from its experienced management and long track record of operations.

### **Healthy financial risk profile**

Financial risk profile of IDPL is healthy with low gearing, healthy net-worth and comfortable debt protection metrics. IDPL's tangible net-worth stood at Rs.18.15 Cr as on 31st March 2023(Prov) against Rs.17.93 Cr as on 31st March 2022. The net-worth consists of Rs.2.5 Cr of unsecured loans from directors and related parties subordinated to bank borrowings. The gearing of the company remained low at 0.57 times as on 31st March 2023(Prov) against 0.48 times in FY2022. Total debt of the company stood at 10.27 Cr as on 31st March 2023(Prov) as against 8.60 Cr as on 31st March 2022. Total debt consists of long-term debt of Rs.1.43 Cr, short term debt of Rs.5.55 Cr and 3.30 Cr of unsecured loans from directors and related parties (not subordinated to bank debt). TOL/TNW of the company stood at 0.68 times as on 31st March 2023(Prov) as against 0.58 times in FY2022. NCA to Total debt stood at 0.11 times in FY2023(Prov) against 0.13 times in FY2022. The debt protection metrics of the company remained comfortable with DSCR at 1.28 times in FY2023(Prov) as against 1.16 times in FY2022. Interest coverage ratio stood at 2.31 times in FY2023(Prov) as against 2.88 times in FY2022.

Acuite believes that the financial risk profile of the company will remain healthy over the near to medium term on account of moderate cash accruals and absence of any significant debt-funded capex.

### **Weaknesses**

#### **Intensive Working Capital Operations**

Working capital operation of the company are intensive marked by high GCA days of 429 days in FY2023(Prov) as against 509 days in FY2022. The GCA days are driven by high debtor collection period and inventory holding period. The company has two segments i.e., wholesale for bulk purchases and retail for smaller quantities. For retailers IDPL extends a credit period of 30-45 days. For wholesale trade the company extends a credit period of 150-180 days. Debtor collection period of IDPL stood at 150 days in FY2023(Prov) as against 180 days in FY2022. One of the key raw materials for IDPL is grey fabric and transfer paper. The company also imports some of its raw materials from Germany. Due to fluctuating raw material prices the company purchases raw materials in bulk when there is a decline in the prices. Inventory holding period stood at 269 days in FY2023(Prov) as against 316 days in FY2022.

Acuite believes that the ability of the company to efficiently manage its working capital requirements will remain key rating sensitivity.

#### **Highly fragmented and competitive industry**

IDPL operates in a highly competitive and fragmented textile industry wherein the product belongs to niche segment. Presence of several organized and unorganized players in the market limits the bargaining power of the company. However, long track record of operation and extensive experience of the promoters helps the company in mitigating the risk to a larger extent.

### **Rating Sensitivities**

Steady growth in scale of operation while maintaining profitability margins.

Elongation in working capital cycle leading to impact on financial risk profile and liquidity position.

### **All Covenants**

Not Applicable

### **Liquidity Position**

## **Adequate**

IDPL's liquidity is adequate marked by sufficient net cash accruals to cover its debt repayment obligations. IDPL's net cash accruals stood at Rs.1.08 Cr in FY2023(Prov) as against debt repayment obligations of Rs.0.65 Cr. The company is expected to generate sufficient net cash accruals of Rs.1.47-1.91Cr. against debt obligations of Rs.0.54-0.35 Cr in the medium term. Bank Limit Utilization stood moderate at 80 percent for the last 6 months ended August 2023. The current ratio of the company has stood at 2.85 times as on 31 March 2023(Prov) as against 2.58 times as on March 31, 2022.

Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of sufficient cash accruals to meet its maturing debt obligation.

## **Outlook:Stable**

Acuite believes that IDPL will continue to maintain a 'Stable' outlook over the medium term owing to its experienced and technically qualified management and improving trend in operating income. The outlook may be revised to 'Positive' if the company reports higher than expected improvement in revenues while maintaining operating profitability leading to higher cash accruals. Conversely, the outlook may be revised to 'Negative' if the company registers decline in revenue and profitability leading to lower-than-expected cash accruals or deterioration in the financial risk profile or elongation of working capital cycle.

## **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	17.00	13.27
PAT	Rs. Cr.	0.18	0.12
PAT Margin	(%)	1.07	0.89
Total Debt/Tangible Net Worth	Times	0.57	0.48
PBDIT/Interest	Times	2.31	2.88

### 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>
- Entities In Manufacturing Sector:- <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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Jul 2022	Term Loan	Long Term	0.31	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	0.78	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	0.03	ACUITE BB   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	0.34	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	0.54	ACUITE BB   Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BB   Stable (Reaffirmed)
26 Apr 2021	Term Loan	Long Term	0.45	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	0.47	ACUITE BB   Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	1.08	ACUITE BB   Stable (Assigned)
05 Feb 2020	Term Loan	Long Term	1.03	ACUITE BB   Stable (Downgraded from ACUITE BB+   Stable)
	Proposed Bank Facility	Long Term	0.97	ACUITE BB   Stable (Downgraded from ACUITE BB+   Stable)
	Cash Credit	Long Term	6.00	ACUITE BB   Stable (Downgraded from ACUITE BB+   Stable)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE BB   Stable   Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.38	ACUITE BB   Stable   Reaffirmed
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.62	ACUITE BB   Stable   Reaffirmed

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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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