



Press Release
Indian Drape Private Limited
January 06, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.61	ACUITE BB Stable Assigned	-
Bank Loan Ratings	8.00	ACUITE BB Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	9.61	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

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

Acuite has assigned its long-term rating of ‘**ACUITE BB**’ (read as **ACUITE double Bo**)n the Rs. 1.61 Cr. bank facilities of Indian Drape Private Limited (IDPL). The outlook is ‘**Stable**’.

Rationale for Rating Reaffirmation

The rating reaffirmation considers improvement in operating income amidst declining profitability margins. The rating also factors in the experienced management, average financial risk profile marked by low gearing and comfortable debt protection metrics. However, the rating is constrained by modest scale of operations, working capital intensive operations and susceptibility of profitability to volatility in raw material prices.

Going ahead, the ability of IDPL to improve its overall operating performance along with its financial risk profile without any further elongations in the working capital operations will remain a key monitorable.

About the Company

Indian Drape Private Limited (IDPL) 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. 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 (IDPL).

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Indian Drape Private Limited (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 home furnishing 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.

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

Average financial risk profile

Financial risk profile of IDPL is average marked by modest net worth, low gearing, and comfortable debt protection metrics. The net worth of the company stood at Rs.15.89 Cr. as on 31 March 2024 as against Rs.15.65 Cr. as on 31 March 2023. The gearing level of the company stood low at 0.81 times as on 31 March 2024 as against 0.82 times as on 31 March 2023. Interest Coverage Ratio (ICR) stood moderate at 2.25 times for FY2024 against 2.31 times for FY2023. Debt Service Coverage Ratio (DSCR) stood moderate at 1.36 times for FY2024 against 1.28 times for FY2023.

Acuite believes that the financial risk profile of the company is likely to remain moderate in the absence of major debt funded capital expenditure plan in near term.

Weaknesses

Modest Scale of Operations

The operations of IDPL remained moderate with the revenue of Rs.23.98 Cr. in FY2024 as against Rs.16.96 Cr. in FY2023. Further, the company has achieved revenue of Rs.16.99 Cr in 8MFY2025.

Acuite believes that the scale of operations of the company would remain modest in the medium term.

Working Capital Intensive Operations

Working capital operation of the company remained intensive marked by Gross Current Asset (GCA) days at 335 days as on March 31, 2024, as against 430 days as on March 31, 2023. The inventory levels stood at 248 days in FY2024 when compared against 269 days in FY2023. The debtor days stood at 76 days in FY2024 as compared against 150 days in FY2023. The creditor days stood at 22 days in FY2024 as against 50 days in FY2023. The average utilization of the bank limits of the company stood moderate at ~70.80% for the last 06 months ending November 2024.

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

Susceptibility of profitability to volatility in raw material prices in a highly fragmented and competitive Industry

IDPL operates in a highly competitive and fragmented home 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 an extent.

One of the key raw materials for IDPL is a 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 which benefits them with reduced cost. However, the profitability margins remained susceptible to stiff competition and volatility in raw material prices which is evident in the declining operating margins which stood at 8.38 per cent in FY2024 as against 11.13 per cent in FY2023 and 12.16 per cent in FY2022.

Acuite believes, the ability of the company to improve its profitability margins amidst competitive industry would remain as a key rating sensitivity.

Rating Sensitivities

- Consistent improvement in scale of operation and profitability margins.
- Elongation in working capital cycle leading to impact on financial risk profile and liquidity position.

Liquidity Position Adequate

IDPL's liquidity is adequate marked by sufficient net cash accruals of Rs.1.06 Cr. in FY2024 against maturing debt obligation of Rs.0.54 Cr. during the same period. The company maintains unencumbered cash and bank balances of Rs.0.03 Cr. as on March 31, 2024. The current ratio stood at 2.66 times as on March 31, 2024. The company has a moderate dependence on working capital limits which stood at 70.80% in the last 06 months ending November 2024.

Acuite believes that the liquidity position of the company is expected to improve on account of sufficient

generation of cash accruals, and no major capex commitments over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	23.98	16.96
PAT	Rs. Cr.	0.23	0.18
PAT Margin	(%)	0.97	1.07
Total Debt/Tangible Net Worth	Times	0.81	0.82
PBDIT/Interest	Times	2.25	2.31

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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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. 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
09 Oct 2023	Cash Credit	Long Term	6.00	ACUITE BB	Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.38	ACUITE BB	Stable (Reaffirmed)
	Term Loan	Long Term	1.62	ACUITE BB	Stable (Reaffirmed)
13 Jul 2022	Cash Credit	Long Term	6.00	ACUITE BB	Stable (Reaffirmed)
	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)
	Term Loan	Long Term	0.54	ACUITE BB	Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.34	ACUITE BB	Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.39	Simple	ACUITE BB Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.61	Simple	ACUITE BB Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2027	0.61	Simple	ACUITE BB Stable Reaffirmed

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About Acuité Ratings & Research

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