

June 18, 2014

Facility	Amount (Rs. Crore)	Rating
Overdraft	20.00	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (**read as SMERA single B plus**) to the abovementioned bank facility of Home Saaz, a unit of Anil Brothers Decorators Private Limited (ABDPL). The outlook is '**Stable**'. The rating is constrained by the company's moderate operating scale and geographically concentrated operations in an intensely competitive segment of the textile (home furnishing industry) industry. The rating factors in risks related to the company's weak financial risk profile. The rating is also constrained by the company's exposure to inventory holding risk. However, the rating is supported by the company's established track record of operations, experienced management and sound liquidity.

ABDPL, incorporated in 1988, is a New Delhi-based company engaged in trading of various home furnishing products, including bedding, curtains, floor coverings, and crystal ware decorative accessories. ABDPL has moderate-scale operations reflected in revenues of Rs.49.20 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company faces intense competition from several players in the home furnishing industry. ABDPL is also exposed to geographical concentration risk as most of the company's showrooms in New Delhi. ABDPL's debt-equity ratio is high at 4.28 times as on March 31, 2013. However, the company's total debt of Rs.16.03 crore includes unsecured loans of Rs.6.36 crore from directors.

ABDPL benefits from its experienced management. The directors of the company have around two decades of experience in the home furnishing industry. The company's satisfactory banking conduct, reflected in moderate utilisation of overdraft facility ~ 64 per cent during July, 2013 to December, 2013.

Outlook: Stable

SMERA believes ABDPL will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the company demonstrates resilient performance in revenue while maintaining higher profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's profit margins or capital structure.

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About the company

Home Saaz (A Unit of Anil Brothers Decorators Private Limited) (ABDPL) is a New Delhi-based incorporated in 1988. ABDPL is promoted by Mr. Anil Kumar Batla and Mr. Sunil Kumar Batla. The company is engaged in trading in home furnishing & interior decoration items with a major focus in bed linen, bedding, curtains and floor coverings. The product line also includes crystal ware decorative accessories.

For FY2012-13, ABDPL reported profit after tax (PAT) of Rs.0.68 crore on operating income of Rs.49.20 crore, as compared with PAT of Rs.0.59 crore on operating income of Rs.47.04 crore for FY2010-11. The company's net worth stood at Rs.3.78 crore as on March 31, 2013, as compared with Rs.2.20 crore a year earlier.

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