



Press Release

Insignian Home Private Limited (IHPL)

January 16, 2024

Ratings:

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities	3.97	IVR BBB-/ Stable (IVR Triple B minus With Stable Outlook)	Reaffirmed	Simple
Short Term Fund Based Bank Facilities	34.45	IVR A3 (IVR A Three)	Reaffirmed	Simple
Total	38.42			

Details of Facilities are in Annexure 1

Detailed Rationale:

The reaffirmation of the ratings to the bank facilities of Insignian Home Private Limited continue to derive strength from its experienced promoters, improvement in scale of operation & profitability and geographically diversified operation & wide range of products. However, these rating strengths remain constrained by foreign exchange fluctuation risk & volatility of raw material prices and intense competition in the industry & fragmented players.

Key Rating Sensitivities:

Upward Factors:

- Significant improvement in scale of operation while maintaining profitability.
- Substantial improvement in the capital structure with improvement in debt protection metrics.

Downward Factors:

- Unable to scale up operations and not generating adequate cash accruals resulting in deterioration of financial risk profile.
- Sharp deterioration in debt protection metrics
- Significant Foreign exchange losses



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Key Rating Drivers with detailed description:

Key Rating Strengths:

Experienced Promoters:

The promoters of the company, Mr. Parth Poddar & Mrs. Santosh Gupta have decades of experience in the textile industry. Mr. Parth Poddar was former Sales Director of the home textiles business for Bergner Group, Austria. He managed the home textiles business and created the entire home textiles business for Bergner Group in North America. The longstanding presence of the promoters in the textile industry has helped the company to establish strong relationships with customers and suppliers and diversify the product profile.

Improvement in scale of operations and profitability

Total operating income (TOI) stood at Rs. 155.47 crore in FY2023 as against Rs.133.84 crore in FY2022 on account of increase in sales volume & good realization. The EBITDA of the company improved and stood at Rs 15.72 crore in FY23 as against Rs 13.64 crore in FY22. With improvement in EBITDA, PAT also improved and stood at Rs 8.70 crore in FY23. Gross Cash accruals improved at Rs. 10.15 crore in FY23 as against Rs 9.20 crore in FY22.

Geographically diversified operations and wide range of products:

IHPL has a geographically diversified revenue profile. the company sells its products across USA, New Zealand, Germany, and UAE. Insignian US, Inc is wholly owned subsidiary of IHPL undertakes sales and marketing in USA.

IHPL has wide range of comfort products, some of the products are Duvet Cover Set, bed linen, Sheets, Cushion Covers, Comforters among others.

Key Rating Weaknesses:

Foreign exchange fluctuation risk & volatility of raw material prices

The company generates 99% of its revenue from export business which exposes company to risk of foreign currency fluctuation which may affect the profitability of the company. However, the company avails export finance limits in the form of packing credit and post shipment finance and the USD liabilities are knocked off and are not crystallised in the account. The company is also susceptible to volatility in the raw material prices, which could have an adverse impact on its profitability.



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Intense competition in the industry and fragmented players

The industry is highly competitive due to the presence of many organized and unorganized players coupled with low entry barriers. Intense competition reduces the pricing power of the industry players.

Analytical Approach: Consolidated

While arriving at the rating Infomerics has consolidated the financials of Insignian Home Private Limited (IHPL) & its wholly owned subsidiary Insignian US, Inc. based in United States on account of common management, Operational and financial linkages between the two entities.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Rating Outlook](#)

[Consolidation of Companies](#)

Liquidity – Adequate

The company had generated healthy cash accrual of around Rs.10.15 Crore in FY2023 as against very less debt obligation. Further, the company is also expected to generate steady cash accrual over the near medium term against minimal repayment obligation. Moreover, the company's average utilisation of its working capital limits is of ~6% for the twelve months ended November 2023 indicating an adequate liquidity buffer. The current ratio and quick ratio appear to be healthy at 1.43x and 1.25x in FY2023 respectively.



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About the Company

Insignian Home Private Limited (IHPL) incorporated in April 2019, commenced its business from January 2020. IHPL came into existence through a “Management Buyout” of Bergner Kitchen Appliances (Austria) division namely, Bergner Home Textiles (BHT). IHPL is engaged in the business of Manufacturing & Export of Home Furnishing products, it has the product 4 line ranges from basic to fashion bedding ensembles, decorative pillow, curtain, and other filled product. However, company is primarily manufacturing Duvet Cover Set, bed linen and quilts. Company has export oriented manufacturing unit situated at Bhiwandi, Thane.

Financials: Consolidated

(Rs. crore)

For the year ended/* As On	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	133.84	155.47
EBITDA	13.64	15.72
PAT	8.22	8.70
Total Debt	18.72	31.29
Adjusted Tangible Net-worth	21.33	29.90
Ratios		
EBITDA Margin (%)	10.19	10.11
PAT Margin (%)	6.14	5.60
Overall Gearing Ratio (x)	0.86	1.04

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Nov 18, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Aug 24, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based Long Term Bank Facilities	Long Term	3.97	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-
2.	Fund Based Short Term Bank Facilities	Short Term	34.45	IVR A3	IVR A3	IVR A3	-



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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information visit www.infomerics.com.

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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Fund Based Facilities – Term Loan	-	-	FY2028	3.97	IVR BBB-/Stable



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Short Term Fund Based Bank Facilities	-	-	-	34.45	IVR A3
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Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-insignian-jan24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it based on complexity and a note thereon is available at www.infomerics.com.

