



Press Release

Insignian Home Private Limited (IHPL)

November 18, 2022

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Fund Based Bank Facility – Term Loan	0.22 (Reduced from 0.86)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Long term Fund Based Bank Facility – Proposed	10.11 (Reduced from 14.34)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Short Term Fund Based Bank Facility – PC/PCFC/EPC/ FBE/FBP	29.67 (Enhanced from 24.80)	IVR A3 (IVR A Three)	Reaffirmed	Simple
Total	40.00			

Details of facilities are in Annexure 1

Detailed Rationale

The rating reaffirmed to the bank facilities of Insignian Home Private Limited (IHPL) continues to derive comfort from experienced promoters, healthy profitability margins and geographically diversified operations and wide range of products. However, these rating strengths remain constrained by foreign exchange fluctuation risk, volatility of raw material prices, Intense competition in the industry and fragmented players.

Key Rating Sensitivities:

Upward Factor:

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

Downward Factor:

- Unable to scale up operations and not generating adequate cash accruals resulting in deterioration of financial risk profile.



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- Sharp deterioration in debt protection metrics
- Significant Foreign exchange losses

Detailed Description of Key Rating Drivers

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.

Healthy Profitability Margins

The company's EBITDA margin stood healthy and improved to 10.19% in FY22 from 9.37% in FY21 and PAT margin increased to 6.14% in FY22 from 5.83% in FY21. The company's ability to innovate and design fabric has led to healthy EBITDA & PAT margins.

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.



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The company is also susceptible to volatility in the raw material prices, which could have an adverse impact on its profitability.

Intense competition in the industry and fragmented players

The industry is highly competitive due to 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 Approach

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 assigning rating Outlook](#)

Liquidity - Adequate

The company had generated healthy cash accrual of around Rs.9.20 Crore in FY2022 as against negligible 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 bank lines is of ~9% for the twelve months ended September 2022 indicating an adequate liquidity buffer.

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



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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)

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	123.60	133.84
EBITDA	11.58	13.64
PAT	7.21	8.22
Total Debt	2.52	18.72
Tangible Networth	13.17	21.33
EBITDA Margin (%)	9.37	10.19
PAT Margin (%)	5.83	6.14
Overall Gearing Ratio (x)	0.19	0.86

* Classification as per Infomerics' standards

Financials (Standalone)

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	111.87	125.08
EBITDA	8.28	10.58
PAT	5.00	7.68
Total Debt	2.53	18.72
Tangible Networth	10.75	18.62
EBITDA Margin (%)	7.40	8.46
PAT Margin (%)	4.47	6.05
Overall Gearing Ratio (x)	0.24	0.99

* Classification as per Infomerics' standards



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Details of Non-Co-operation with any other CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (Dated August 24, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Fund based facility – Term Loan	Long Term	0.22	IVR BBB- / Stable	IVR BBB- / Stable	-	-
2.	Fund based facility – Proposed	Long Term	10.11	IVR BBB- / Stable	IVR BBB- / Stable	-	-
3.	Fund based facility – PC/PCFC/EPC/ FBE/FBP	Short Term	29.67	IVR A3	IVR A3	-	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has



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a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations. For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

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 Facility – Term Loan	-	-	FY2026	0.22	IVR BBB-/ Stable
Long Term Fund Based Facility – Proposed	-	-	-	10.11	IVR BBB-/ Stable
Short Term Fund Based Facility – PC/PCFC/EPC/ FBE/FBP	-	-	-	29.67	IVR A3

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-Home-nov22.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 on the basis of complexity and a note thereon is available at www.infomerics.com.