



## Press Release

### Insignian Home Private Limited (IHPL)

August 24, 2021

#### Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities	0.86	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned
Long Term Bank Facilities (Proposed)	14.34	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned
Short Term Bank Facilities	9.80	IVR A3 (IVR A Three)	Assigned
Short Term Bank Facilities (Proposed)	15.00	IVR A3 (IVR A Three)	Assigned
<b>Total</b>	<b>40.00 (Forty Crore)</b>		

**Details of facilities are in Annexure 1**

#### Detailed Rationale

The assignment of rating to the bank facilities of Insignian Home Private Limited (IHPL) derives comfort from the Extensive Experience of the Promoters, Healthy Profitability Margins and Geographically diversified operations & wide range of products. However, the rating is constrained by foreign exchange fluctuation risk, volatility of raw material prices and Intense competition in the industry.

#### 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:



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- 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

### **Detailed Description of Key Rating Drivers**

#### **Key Rating Strengths**

##### **Experienced Promoters:**

The IHPL is promoted by Mr. Parth Poddar & he has 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. Further he is supported by the other directors and a team of qualified & experienced professionals in managing the day-to-day affairs of the company.

##### **Healthy Profitability Margins**

The company's EBITDA margin stood healthy at 9.37% in FY21 (PY:9.77%) and PAT margin increased to 7.86% in FY21 from 7.16% in FY20. 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. Further, 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**



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### **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 Unhedged foreign exposure as on June 30, 2021 stood at Rs.7.33 crore.

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

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)

### **Liquidity - Adequate**

The company had generated healthy cash accrual of around Rs. 8.01 Crore in FY2021 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 33.58% for the twelve months ended July 2021 indicating an adequate liquidity buffer.

### **About the Company**



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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 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	
	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	31.13	123.60
EBITDA	3.04	11.58
PAT	1.67	7.21
Total Debt	0.38	2.52
Tangible Net Worth	4.68	13.17
EBITDA Margin (%)	9.77	9.37
PAT Margin (%)	5.36	5.83
Overall Gearing Ratio (x)	0.08	0.19

\* Classification as per Infomerics' standards

### Financials (Standalone)

For the year ended* As on	INR in Crore	
	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	31.13	111.87
EBITDA	3.05	8.28
PAT	1.67	5.00
Total Debt	0.48	2.53



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Tangible Net Worth	4.78	10.75
EBITDA Margin (%)	9.79	7.40
PAT Margin (%)	5.37	4.47
Overall Gearing Ratio (x)	0.08	0.24

\* Classification as per Infomerics' standards

**Details of Non-Co-operation with any other CRA: NA**

**Any other information: N.A.**

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based Facility – Term Loan	Long Term	0.86	IVR BBB-/ Stable	-	-	-
2.	Fund Based Facility – Proposed Term Lona	Long Term	14.34	IVR BBB-/ Stable	-	-	-
3.	Fund Based Facility – EPC/PCFC/FBP/ FBN	Short Term	9.80	IVR A3	-	-	-
4.	Fund Based Facility – Proposed EPC/PCFC/FBP/ FBN	Short Term	15.00	IVR A3	-	-	-

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**About Infomerics:**



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Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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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 Facility – Term Loan*	-	-	April 2024	0.86	IVR BBB-/ Stable
Long Term Fund Based Facility – Proposed Term Loan	-	-	-	14.34	IVR BBB-/ Stable
Short Term Fund Based Facility – EPC/PCFC/FBN/FBP	-	-	-	9.80	IVR A3
Short Term Fund Based Facility – Proposed EPC/PCFC/FBN/FBP	-	-	-	15.00	IVR A3

\*Term Loan Under GECL Scheme.



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**Annexure 2: List of companies considered for consolidated analysis:**

Name of the Entity	Ownership	Consolidation Approach
Insignian Home Private Limited	100%	Full Consolidation
Insignian US, Inc.	100%	Full Consolidation

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Insignian-Home-Lenders-24aug21.pdf>

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

**Annexure 5: Complexity level of the rated Instruments/Facilities**

Sr No.	Instrument	Complexity Indicator
1.	Term Loans	Simple
2.	Working capital (CC)	Simple
3.	Bank Guarantee	Simple

**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](http://www.infomerics.com).