



Rating Rationale

Ask Home Furnishing Pvt Ltd

14 Dec 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 21.08 Crs of Ask Home Furnishing Pvt Ltd ('ASK' or 'The Company')

Particulars

Facility *	Amount (Rs. Crs)	Tenure	Rating [^]
<u>Fund Based</u> Overdraft Term Loan**	15.50 3.08	Long Term	BWR D (Pronounced as BWR D) Assigned
<u>Non-Fund Based</u> Letter of Credit Bank Guarantee	2.00 0.50	Short Term	
Total	21.08 (INR Twenty One Crore and Eight Lakhs Only)		

[^] Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Annexure-I provides details of bank wise facilities

**Consist of two term loans with loan outstanding of Rs. 2.86 Crs and Rs. 0.22 Crs.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials upto FY17, management certified provisional financials of FY18, financial projections for FY19, publicly available information and information/clarifications provided by the management.

While assigning the rating to the company, BWR has factored in the frequent delays in debt servicing by the company, low liquidity position and presence in an intensely competitive industry.

Going forward the ability of the Company to improve its liquidity position and credit risk profile,

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ensure timely servicing of debt and manage its working capital requirements would remain the key rating sensitivities.

Key Rating drivers

Credit Weaknesses

- **Delay in Debt Servicing:** Due to liquidity problems, the company is making frequent delay in the debt servicing.
- **Low Liquidity:** Company has low liquidity as marked by frequent over utilization of bank limits, frequent delays in the term loan installment payment, low current ratio of 1.21 times and cash and cash equivalents of Rs. 0.11 Crs for FY18.
For FY17, cash flow from operating activities is negative (Rs. 0.55 Crs), which indicates that the company has liquidity problems.
Also, the business is highly working capital intensive as marked by high conversion cycle of 175 days for FY18. Conversion cycle is very high due to high inventory levels and huge receivables-payables mismatch with high receivables level of 95 days and low payables of 22 days . These all factors along with low profit margins and high finance charges leads to stretched liquidity position for the company.
- **Highly competitive and fragmented industry:** The Company operates in a highly fragmented industry marked by the presence of a large number of players in the organised as well as unorganised sector. As entry barriers to the industry are low, the players in the industry are exposed to competition-induced pressures on pricing and profitability.

Credit Strengths

- **Experienced Promoters:** Ask Home Furnishings Pvt Ltd is promoted by Mr. Sandeep Kochar and Mrs. Amita Kochar, both have significant experience in mink blanket manufacturing business.

Analytical approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

About the Company

Ask Home Furnishings Pvt Ltd was incorporated in Delhi in 2005. It is promoted by Mr. Sandeep



Singh Kochar and his wife Amita Kochar. The Company is engaged in manufacturing of mink blankets at its manufacturing facility located in Gurgaon Haryana. It sells its products under its brand 'Home Jewels'. The goods are sold majorly in Indian markets through the direct delivery to the dealers. Mr. Sundeep has ample experience in the business as he was associated in his family business in the same line of activity.

Financial Performance

During FY18, The Company has reported net revenues of Rs. 52.25 Crs and PAT of Rs. 0.88 Crs. (Prov) as against revenues and PAT of Rs. 47.72 Crs and Rs. 0.96 Crs for FY17. Tangible net worth is moderate at Rs. 16.25 Crs for FY18. Overall gearing (TOL/TNW) was moderate at around 1.94 times for FY18. Current Ratio was low at 1.21 times for FY18.

Key financial indicators are furnished in Annexure I.

Annexure I Key Financial Indicators

Particulars		FY17 (Audited)	FY18 (Management Certified Provisional)
Net Revenues	(Rs. Cr)	47.72	52.25
OPBDIT	(Rs. Cr)	4.02	4.01
PAT	(Rs. Cr)	0.96	0.88
Net Worth	(Rs. Cr)	15.37	16.25
Total Debt:Net Worth	(Times)	1.56	1.51
Current Ratio	(Times)	1.29	1.21

Rating History for the last three years:

Facility	Amount (Rs.Crs)	Tenure	Current Rating (Dec 2018)	Rating History		
				2017	2016	2015
<u>Fund Based</u> Overdraft Term Loan	15.50 3.08	Long Term	BWR D (Pronounced as BWR D) Assigned	N.A	N.A	N.A
<u>Non-Fund Based</u> Letter of Credit Bank Guarantee	2.00 0.50	Short Term				
Total	21.08		INR Twenty One Crore and Eight Lakhs Only			

Status of Non cooperation with other CRA : None.

Any other information : Not applicable.

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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