



Rating Rationale

Ask Home Furnishing Pvt Ltd

28 Aug 2019

Brickwork Ratings upgrades the long term and short term ratings for the Bank Loan Facilities of Rs. 20.33 Crs of Ask Home Furnishing Pvt Ltd ('ASK' or 'The Company')

Particulars

Facility *	Amount Previous	Amount Present	Tenure	Rating Previous [^] (Dec 2018)	Rating Present [^] (Aug 2019)
<u>Fund Based</u>				BWR D (Pronounced as BWR D)	BWR B- (Pronounced as BWR Single B Minus) Outlook: Stable Upgraded
Overdraft Term Loan	15.50 3.08	15.50 2.23	Long Term		
<u>Non-Fund Based</u>				BWR D (Pronounced as BWR D)	BWR A4 (Pronounced as BWR A Four) Upgraded
Letter of Credit Bank Guarantee	2.00 0.50	2.00 0.50	Short Term		
<u>Total</u>	21.08	20.33	INR Twenty Crores and Thirty Three Lakhs Only		

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

* Annexure-I provides details of bank wise facilities

Long Term and Short Term Rating: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

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

The rating draws strength from the experienced promoters. The rating, however, is constrained by the low profit margins and liquidity and industry risks.

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Going forward the ability of the Company to improve its liquidity position and credit risk profile, ensure timely servicing of debt and manage its working capital requirements would remain the key rating sensitivities.

Key Rating drivers

Credit Strengths

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

Credit Weaknesses

- **Low Liquidity:** Company has low liquidity as marked by full utilization of bank limits, low current ratio of 1.24 times and cash and cash equivalents of Rs. 0.08 Crs for FY19. Even though moderate net cash accruals of Rs. 2.67 Crs for FY19, provide some liquidity comfort. Also, the business is working capital intensive as marked by high conversion cycle of 134 days for FY19. Conversion cycle is high due to high inventory levels and receivables-payables mismatch with high receivables level of 63 days and low payables of 49 days. The trade receivables due for more than 6 months are high at Rs. 1.30 Crs for FY19. These all factors along with low profit margins and high finance charges leads to stretched liquidity position for the company.
- **Low Profit Margins:** Profit margins are low as marked by NPM of 1.05% and OPM of 6.67% respectively for FY19.
- **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.

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 from its manufacturing facility located in Gurgaon Haryana. It sells its products through 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 business as he was associated in his family business in the same line of activity.



Financial Performance

During FY19 (as per management certified provisional financials), The Company has reported net revenues of Rs. 65.53 Crs and PAT of Rs. 0.69 Crs. as against revenues and PAT of Rs. 52.42 Crs and Rs. 0.69 Crs for FY18. Tangible net worth is moderate at Rs. 16.79 Crs for FY19. Overall gearing was moderate at around 1.40 times for FY19.

Key financial indicators are furnished in Annexure I.

Annexure I Key Financial Indicators

Particulars		FY18 (Audited)	FY19 (Management Certified Provisional)
Total Operating Income	(Rs. Cr)	52.42	65.53
OPBDIT	(Rs. Cr)	4.01	4.37
PAT	(Rs. Cr)	0.74	0.69
Net Worth	(Rs. Cr)	16.10	16.79
Total Debt:Net Worth	(Times)	1.52	1.40
Current Ratio	(Times)	1.21	1.24

Rating History for the last three years:

Facility	Amount (Rs.Crs)	Tenure	Current Rating (Aug 2019)	Rating History		
				2018	2017	2016
Fund Based Overdraft Term Loan	15.50 2.23	Long Term	BWR B- (Pronounced as BWR Single B Minus) Outlook: Stable Upgraded	BWR D (Pronoun ced as BWR D)	N.A	N.A

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Non-Fund Based Letter of Credit Bank Guarantee	2.00 0.50	Short Term	BWR A4 (Pronounced as BWR A Four) Upgraded			
Total	20.33		INR Twenty Crore and Thirty Three 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](#)

Analytical Contacts	Investor Contacts
<p>Satvinder Kumar Gakhar Associate Director - Ratings B :+91 11 2341 2232 satvinder.g@brickworkratings.com</p> <p>Anshul Nagar Ratings Analyst B :+91 11 2341 2232 anshul.n@brickworkratings.com</p>	<p>Satish Nair Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 22 6745 6666 satish.n@brickworkratings.com</p>
1-860-425-2742	

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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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