



Press Release

Natraj Home Furnishings Private Limited

January 16, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	6.52	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	17.50	IVR A4 (IVR A Four)	-	Rating Assigned	Simple
Total	24.02	(Rupees Twenty-Four Crore and Two Lakh Only)			

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned the long-term rating of IVR BB- with a Stable outlook and short-term rating of IVR A4 for the bank loan facilities of Natraj Home Furnishings Private Limited (NHFPL).

The assigned rating draws comfort from experienced management with relevant background. The rating further draws comfort from moderate capital structure marked by funding support in the form of unsecured loans by promoters. However, these strengths are partially offset by moderate scale of operations and intense competition in the home furnishing industry. The company's profitability also remains susceptible to the foreign exchange fluctuation risks due to its export-dominated revenue profile, though hedging via forward contracts mitigates the risk to a large extent.



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The 'Stable' outlook indicates a low likelihood of rating change over the medium term. Infomerics ratings believes that NHFPL business & financials risk profile will be maintained over the medium term considering the overall risk profile of the company.

Infomerics Ratings has principally relied on the standalone audited financial results of NHFPL up to FY24 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027) and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in revenue and profitability
- Maintaining capital structure and debt protection metrics along with improvement in working capital cycle

Downward Factors

- Deterioration in capital structure with TOL/TNW remaining above 4x on sustained basis.
- Elongation in the operating cycle impacting liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experience management with relevant background

Natraj Home Furnishings Private Limited (NHFPL) is led by Mr. Deepak Wadhvani, who brings 20 years of extensive experience in home furnishing industry and Mr. Kapil Wadhvani, who has 20 years of experience in home furnishing industry. The long-standing presence of the promoters in the industry has enabled the company to establish strong relationships with customers in a remarkably short time.

Moderate financial risk profile marked by funding support in the form of unsecured loans by promoters



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The financial risk profile of the company remains moderate marked by moderate Capital structure and satisfactory debt protection metrics. Overall gearing of stood at 2.34x as of March 31, 2024, against 1.93x as of March 31, 2023. Unsecured loan tune to Rs. 0.68 crore are considered subordinated to bank borrowings. The TOL/TNW of the company improved and stood at 3.62x as of March 31, 2024, against 3.76x as of March 31, 2023. The debt protection metrics remains comfortable marked by interest coverage ratio of 1.81x as of March 31, 2024 against 2.42x as of March 31, 2023 and debt service coverage of 1.34x as of March 31, 2024 against 2.58x as of March 31, 2023. Unsecured loans from promoters stood at Rs 5.60 crore in FY 24.

Key Rating Weaknesses

Modest scale of operations

The total operating income (TOI) of the company has remained modest over the years, with a CAGR of 7.62% over the last 3 fiscal years. TOI of the company declined in FY24 to Rs 79.65 crore in FY24 against Rs 97.72 crore in FY23 due to acceptance of less orders by the company in FY24. The company registered revenue of Rs 43.76 Crore in H1FY25 against Rs 39.82 in H1FY24. NHFPL has order book of Rs 34.24 Crore, provides revenue visibility in short term.

Exposure to foreign exchange fluctuation risk

The company sources its revenue majorly from exports ~98% which exposes company to risk of foreign currency fluctuation. Though it has defined forex hedging policy to minimize the foreign exchange fluctuation risk to a certain level. As a policy, the company hedges its foreign exchange exposure through forward contracts.

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. However, the risk is mitigated to an extent due to established track record of operations.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The company's liquidity remains adequate marked by 64.82% average utilisation of fund-based limits during the past 12 months ended November 2024. The company is expecting GCA in the range of Rs. 3.84 crore to Rs 5.19 crore during FY25-27 against debt obligation in the range of Rs. 1.35 crore to Rs 2.06 crore during FY25-27. The current ratio remains above unity at 1.12x as on March 31, 2024. The Working Capital Cycle of the company stood at 30 days in FY24 which was 22 days in FY23. The unencumbered cash and bank balance stood at Rs. 8.55 crore as on October 30, 2024.

About the Company

Natraj Home Furnishings Private Limited (NHFPL), founded in 2004 is engaged in manufacturing and exports of home furnishings items such as table linen, bedspreads, cushion covers, curtains, home textile and many other home decor accessories. The company was set up as a proprietorship firm, Natraj Exports, by Wadhvani family in 2000, and was reconstituted as a private limited company in 2004. The Company's manufacturing facilities are located in Barhi for Dyeing, Weaving and printing and in Kundli for Stitching & Embroidery and Finishing & Dispatch. NHFPL sources its revenue majorly from exports in USA (~98%) and remaining from other countries such as Australia, UK, Spain, Israil and others. The Company is led by Mr. Deepak Wadhvani and Mr. Kapil Wadhvani who has over 20 years of experience in home furnishing.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	97.72	79.65



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EBITDA	6.53	4.91
PAT	1.82	1.37
Total Debt	24.34	32.73
Adjusted Tangible Net Worth (including quasi equity)	12.61	13.98
EBITDA Margin (%)	6.68	6.16
PAT Margin (%)	1.84	1.70
Overall Gearing Ratio (x) (including quasi equity)	1.93	2.34
Interest Coverage (x)	2.42	1.81

* Classification as per Infomerics Standard

Status of non-cooperation with previous CRA: Vide press release dated June 11, 2021 Acuite Ratings & Research Limited have kept the ratings under non-cooperation category on account of non-submission of relevant information also CRISIL limited vide press release dated September 17, 2019 kept the ratings under non-cooperation category on account of non-submission of relevant information.

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based Facilities	Long Term	6.52	IVR BB-/Stable	-	-	-
2.	Fund Based Facilities	Short Term	17.50	IVR A4	-	-	-

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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 and definition of ratings please 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
Term Loan	-	-	November 2028	5.50	IVR BB-/Stable
GECL	-	-	October 2026	1.02	IVR BB-/Stable
FPC/FDB	-	-	-	17.50	IVR A4

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Natraj-Home-16jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: 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.