

31st July, 2024.

To,
The Manager – Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.

Reference: - Omfurn India Limited.
NSE Code: OMFURN.
ISIN: INE338Y01016

Dear Sir(s),

Sub: Intimation of Revision in Credit Rating.

This is with reference to intimation under Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), we wish you to inform that Crisil Limited has granted the credit rating for the credit facilities availed by the Company for the Long term Facilities to CRISIL BBB-/STABLE and for Short Term Facilities to CRISIL A3. A copy of the said revision in the rating is enclosed for your ready reference.

Kindly take the same on record and acknowledge the receipt.

For Omfurn India Limited

Dhara P Shah
Company Secretary

Encl: As Above

Rating Rationale

July 31, 2024 | Mumbai

Omfurn India Limited

'CRISIL BBB-/Stable/CRISIL A3' assigned to Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.40 Crore
Long Term Rating	CRISIL BBB-/Stable (Assigned)
Short Term Rating	CRISIL A3 (Assigned)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its 'CRISIL BBB-/Stable/CRISIL A3' ratings to the bank loan facilities of Omfurn India Ltd (OIL).

The ratings reflect the extensive experience of the promoters in the modular furniture business and the healthy financial risk profile of the company. These strengths are partially offset by the moderate scale of operations and large working capital requirements.

Analytical Approach:

CRISIL Ratings has considered the standalone business and financial risk profile to arrive at the rating of OIL

Key Rating Drivers & Detailed Description

Strengths:

- Extensive experience of the promoters in the modular furniture business and established relationships with customers:** OIL's promoters have been in the wooden furniture industry for over three decades. This has enabled OIL to develop strong relationships with customers and suppliers, resulting in stable revenues and repeat orders. The company's clientele includes reputed names, such as the Larsen & Toubro group (L&T), DLF Limited, Piramal Group, Kapataru Group, Oberoi Realty, Lodha Realty, amongst many others. The extensive experience of the promoters in the industry along with a well-established client base has helped the company to improve the scale of operations over the last few fiscals from Rs.40 crores in FY20 to Rs.80 crores in FY24
- Healthy financial risk profile:** The company's financial risk profile has improved as the company raised Rs.27 crores of capital in the FPO in March 24 with net worth improving to around Rs.52 crores as on March 31,2024. OIL's capital structure has been at a healthy level due to lower reliance on external funds yielding gearing of 0.30 times and low total outside liabilities to adj tangible net worth (TOL/ANW) of 0.58 for year ending on 31st March 2024. OIL's debt protection measures have also been at a healthy level due to leverage and healthy profitability. The interest coverage and net cash accrual to total debt (NCATD) ratio are at 3.88 times and 0.32 times for fiscal 2024. The OIL's debt protection measures are expected to improve over the medium term.

Weaknesses:

- Moderate Scale of Operations:** Though, on an increasing trend, the company's scale of operations have remained moderate in the range of Rs.30-Rs.80 crores over the last three fiscals. The revenue of the company is expected to improve in the range of Rs.100-Rs.130 crores over the medium term. Sustained improvement in the scale of operations will remain a key rating sensitivity factor over the medium term.
- Working capital intensive operations:** Gross current assets were at 315-365 days over the three fiscals ended March 31, 2024. Its intensive working capital management is reflected in its gross current assets (GCA) of 314 days as on March 31, 2024. The gross current assets days net off cash stood at around 205 days as on March 31,2024. The large working capital requirements arise from its high debtor and inventory days of 100 days and 112 days respectively as on March 31,2024 as the company is required to extend the long credit period to the customers. Furthermore, due to its business requirements, it holds large work in process & inventory. Improvement in the working capital cycle will be a key rating sensitivity factor over the medium term. CRISIL Ratings believes that any deviation in working capital leading to high requirement of debt will remain key rating sensitivity factor over the medium term.

Liquidity: Adequate

Bank limit utilization is moderate at around 84.54 percent for the past 14 months ended May 2024. Cash accruals are expected to be over Rs 6 crore, which is sufficient against term debt obligation of Rs.0.50 crore over the medium term. In addition, it will act as a cushion to the liquidity of the company.

The current ratio was healthy at 2.25 times on March 31, 2024. Low gearing and moderate net worth support its financial flexibility and provides the financial cushion available in case of any adverse conditions or downturn in the business.

Outlook: Stable

CRISIL Ratings believe OIL will continue to benefit from the extensive experience of its promoters and established relationships with clients

Rating Sensitivity factors

Upward factors:

- Sustained improvement in scale of operation by 25% and sustenance of operating margins, leading to higher net cash accruals
- Improvement in working capital cycle

Downward factors:

- Decline in operating margins below 7.5 percent
- Any increase in the debt levels impacting the financial risk profile

About the Company

Incorporated in 1997, OIL is engaged in the manufacturing and assembling of modular furniture used in offices, schools, hotels, residential complexes and others. The company's product portfolio includes doors, frames, tables, drawers, workstations, etc. The company sells modular furniture under the brand name 'OMFURN'. The company has a manufacturing facility at Umbergaon (Gujarat) and its registered office in Mumbai (Maharashtra). OIL is currently listed in NSE Emerge Platform.

OIL is promoted by Mr. Rajendra Vishwakarma, Mr. Mahendra Vishwakarma and Mr. Narendra Vishwakarma.

Key Financial Indicators

As on / for the period ended March 31	Unit	2024	2023
Operating income	Rs crore	80.29	70.23
Reported profit after tax	Rs crore	3.66	3.91
PAT margins	%	4.55	5.56
Adjusted Debt/Adjusted Net worth	Times	0.29	0.45
Interest coverage	Times	3.39	4.29

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs. Crore)	Complexity Level	Rating assigned with outlook
NA	Letter of Credit	NA	NA	NA	2	NA	CRISIL A3
NA	Cash Credit	NA	NA	NA	12	NA	CRISIL BBB-/Stable
NA	Term Loan	NA	NA	31-Aug-2025	1	NA	CRISIL BBB-/Stable
NA	Bank Guarantee	NA	NA	NA	25	NA	CRISIL A3

Annexure - Rating History for last 3 Years

Instrument	Current			2024 (History)		2023		2022		2021		Start of 2021 Rating
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Fund Based Facilities	LT	13.0	CRISIL BBB-/Stable		--		--		--		--	Withdrawn
Non-Fund Based Facilities	ST	27.0	CRISIL A3		--		--		--		--	Withdrawn

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	25	Union Bank of India	CRISIL A3
Cash Credit	12	Union Bank of India	CRISIL BBB-/Stable
Letter of Credit	2	Union Bank of India	CRISIL A3

Term Loan	1	Union Bank of India	CRISIL BBB-/Stable
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Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufacturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
CRISILs Criteria for rating short term debt
Understanding CRISILs Ratings and Rating Scales

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It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

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