

Press Release

Nitson And Amitsu Private Limited

June 14, 2017

Rating Assigned

| | |
|-------------------------------------|----------------------------|
| Total Bank Facilities Rated* | Rs. 35.00 Cr. |
| Long Term Rating | SMERA BB / Outlook: Stable |
| Short Term Rating | SMERA A4+ |

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (**read as SMERA BB**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs. 35.00 crore bank facilities of Nitson And Amitsu Private Limited. The outlook is '**Stable**'.

Nitson and Amitsu Private Limited (NAPL) was established in 1983. The company undertakes installation of aluminium doors and windows for residential and commercial buildings.

Key Rating Drivers

Strengths

• Experienced management

The Kolkata-based company was promoted by Mr. Aruneshwar Krishan Soni and family. Mr. Soni has more than four decades of experience in the aluminium industry.

• Healthy order book position

NAPL has order book of around Rs.156 crore which provides revenue visibility over the medium term. The orders are expected to be completed in the next three years.

• Healthy financial risk profile

The healthy financial risk profile is marked by gearing of 0.36 times as on 31 March, 2017 (Provisional) as against 0.30 times in the previous year. The marginal increase in gearing levels have been mainly due to increase in short term debt. The company has comfortable interest coverage of 3.76 times in FY2017 (Provisional) as against 3.49 times in FY2016. The DSCR also stands comfortable at 2.56 times as on 31 March, 2017 (Provisional) as against 1.85 times in the previous year. NAPL has high net worth base of Rs 35.75 crore as on 31 March, 2017 (Provisional), an increase from Rs.32.14 crore in the previous year on account of accretion of profits.

Weaknesses

• Working capital intensive operations

The operations are working capital intensive as reflected in the gross current assets (GCA) of 429 days in FY2016-17 and 353 days in FY2015-16. The high GCA days emanate from the collection and inventory holding period of 234 days and 174 days respectively in FY2017 (Provisional). The operations are expected to remain working capital intensive due to the high inventory holding period.

• Modest scale of operations

The revenue has been stagnant at Rs 66.77 crore in FY2017 (Provisional) compared to Rs 64.32 crore in FY2014, thereby registering a nominal CAGR of 0.93 per cent in the last four years.

Analytical Approach

SMERA has considered the consolidated financial performance and business risk profile of two companies - Nitson and Amitsu Private Limited and Nitson and Amitsu Business Solution Private Limited to arrive at the rating.

Outlook: Stable

SMERA believes that NAPL will maintain a stable outlook over the medium term owing to its experienced management and established association with customers and suppliers. The outlook may be revised to 'Positive' in case of strong growth in scale of operations while registering sustained improvement in profit margins and achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the scale of operations, profitability, capital structure or stretch in the working capital cycle.

About the Group

Nitson and Amitsu Business Solution Private Limited (NABSPL) is engaged in the manufacturing of aluminium doors, windows and structures and led by Mr. Aruneshwar Krishan Soni and family.

About the Rated Entity - Key Financials

For FY2016-17 (Provisional), the company reported net profit of Rs 3.60 crore on operating income of Rs.66.77 crore, compared to net profit of Rs 2.03 crore on operating income of Rs. 71.86 crore in FY2015-16.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Consolidation Of Companies - <https://www.smera.in/criteria-consolidation.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings/Outlook |
|-------------------------|------------------|----------------|----------------|-----------------------------|-------------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 1.25 | SMERA BB / Stable |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 0.60 | SMERA BB / Stable |
| Proposed Cash Credit | Not Applicable | Not Applicable | Not Applicable | 4.15 | SMERA BB / Stable |
| Proposed Long Term Loan | Not Applicable | Not Applicable | Not Applicable | 4.00 | SMERA BB / Stable |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|-------|-----------|
| Bank guarantee/Letter of Guarantee | Not Applicable | Not Applicable | Not Applicable | 8.00 | SMERA A4+ |
| Letter of credit | Not Applicable | Not Applicable | Not Applicable | 1.00 | SMERA A4+ |
| Letter of credit | Not Applicable | Not Applicable | Not Applicable | 0.40 | SMERA A4+ |
| Bank guarantee/Letter of Guarantee | Not Applicable | Not Applicable | Not Applicable | 1.00 | SMERA A4+ |
| Proposed Bank Guarantee | Not Applicable | Not Applicable | Not Applicable | 11.00 | SMERA A4+ |
| Proposed Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 3.60 | SMERA A4+ |

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ABOUT SMERA

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