

Press Release

Nitson And Amitsu Private Limited (NAPL)

September 11, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 35.00 Cr.
Long Term Rating	ACUITE BB/Stable (Reaffirmed)
Short Term Debt	ACUITE A4+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

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

Incorporated in 1983, Nitson & Amitsu Private Limited is a Kolkata based company promoted by Mr. Aruneshwar Krishan Soni and family. The company undertakes installation of aluminum doors and windows for residential and commercial buildings. In addition the company also provides hardware and electrical services.

Key Rating Drivers

Strengths

Experienced management and long track record of operation:

Incorporated in 1983 – NAPL has a long track record of over three decades in the same line of business. Promoter -Mr. Aruneshwar Krishan Soni is associated with the day to day operations since inception.

Healthy financial risk profile:

The healthy financial risk profile of the company is marked by modest networth, comfortable gearing and debt protection metrics. The net worth of the company stood healthy at Rs.26.01 crore as on 31'st March'18 (Prov.) as compared to Rs.23.02 crore in the previous year. The gearing of the company stood comfortable at 0.48 times as on 31'st March'18 (Prov.) as compared to 0.30 times in the previous year. The total debt of Rs.12.59 crore consists of working capital facilities of Rs.9.24 crore and long term debt of Rs. 3.35 crore. The interest coverage ratio (ICR) of the company stood comfortable at 4.00 times in FY2018 (Prov.) as compared to 3.75 times in FY2017. The debt service coverage ratio (DSCR) of the company stood comfortable at 1.87 times in FY2018 (Prov.) as compared to 2.10 times in FY2017. The net cash accruals against the total debt stand low at 0.22 times in FY2018 (Prov.) compared to 0.29 times in FY2017.

Weaknesses

Working capital intensive nature of operation:

The company's operations are working capital intensive in nature as reflected in gross current assets (GCA) of 329 days in as on 31'st March'18as compared to 299 days in the previous year. The high GCA days emanates from collection period and inventory holding period of 189 days and 131 days respectively in FY17. Further, the working capital intensity is reflected from the 90 per cent utilization of its working capital limit of Rs 6.00 crore.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

Acuité believes NAPL will maintain a stable business risk profile over the medium term. NAPL will continue to benefit from experienced management. The outlook may be revised to "Positive" in case the company registers strong growth in scale of operations while registering sustained improvement in profit margins and improving its working capital cycle. The outlook may be revised to 'Negative' in case of deterioration in the company's scale of operations and profitability or capital structure, or in case of lengthening of working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY18 (Prov.)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	101.01	75.93	66.20
EBITDA	Rs. Cr.	5.06	3.85	2.96
PAT	Rs. Cr.	2.39	1.63	1.02
EBITDA Margin	(%)	5.01	5.08	4.47
PAT Margin	(%)	2.37	2.15	1.54
ROCE	(%)	14.73	13.44	20.19
Total Debt/Tangible Net Worth	Times	0.48	0.30	0.28
PBDIT/Interest	Times	4.00	3.75	2.81
Total Debt/PBDIT	Times	2.31	1.63	1.95
Gross Current Assets (Days)	Days	329	299	295

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>
- Manufacturing Entities – <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
14-June-2017	Cash Credit	Long Term	INR1.25	ACUITE BB/ Stable (Assigned)
	Cash Credit	Long Term	INR 0.60	ACUITE BB/ Stable (Assigned)
	Proposed Cash Credit	Long Term	INR 4.15	ACUITE BB/ Stable (Assigned)
	Proposed Long Term	Long Term	INR 4.00	ACUITE BB/ Stable (Assigned)
	Bank Guarantee	Short Term	INR 8.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	INR 1.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	INR 0.40	ACUITE A4+ (Assigned)

	Bank Guarantee	Short Term	INR 1.00	ACUITE A4+ (Assigned)
	Proposed Bank Guarantee	Short Term	INR 11.00	ACUITE A4+ (Assigned)
	Proposed Letter of Credit	Short Term	INR 3.60	ACUITE A4+ (Assigned)

*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	6.00	ACUITE BB/Stable (Reaffirmed)
Cash Credit (Proposed)	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE BB/Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	13.50	ACUITE A4+ (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4+ (Reaffirmed)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	6.50	ACUITE A4+ (Reaffirmed)
Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4+ (Reaffirmed)

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