



Press Release
Nitson And Amitsu Private Limited
January 29, 2024

Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	6.00	ACUITE BB+ Stable Reaffirmed	-
Bank Loan Ratings	16.50	-	ACUITE A4+ Assigned
Bank Loan Ratings	33.50	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	60.00	-	-

Rating Rationale

Acuite has reaffirmed and assigned the long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.60.00 Cr. bank facilities of Nitson & Amitsu Private Limited (NAPL).

Rationale for the rating

The rating takes into cognizance the sound business risk profile of the group majorly driven by revenue streams and a well-established customer base, including clientele such as ITC Group, RPSG Group, Prestige Group, Larsen & Toubro Limited, Tata Housing Group, Bengal Ambuja Group, Reliance Retail etc. The group has achieved revenues of Rs. 92.81 Cr in FY2023 as compared to revenues of Rs. 80.15 Cr in FY2022 on account of healthy order inflow during the period. The revenues as on December 2023 (provisional) is at Rs.70 Cr.

The rating also factors in the healthy order book of the group which stood at Rs. 292.42 Cr. as on 30th November, 2023 which translated into an Order book/ operating income of over 4 times. The rating also draws comfort from management's extensive experience and above average financial position, characterized by a moderate net worth base and comfortable gearing. The debt protection metrics however remain modest for FY2023.

However, these strengths are partially offset by the intensive working capital management reflected by high Gross Current Asset (GCA) days and intense competition in the aluminium products industry.

About Company

Established in 1983, Nitson & Amitsu Private Limited (NAPL) specializes in offering services related to aluminium doors and windows, facade glazing systems along with electrical jobs and hardware solutions. The company, founded by Late M.S.Gulati and Mr. Aruneshwar Krishan Soni (both of them were ex L & T employees) and later on Mr. Sonesh Gulati and Mr. Nitin Gulati (both are Sons of Late M.S.Gulati) and Mr. Amit Soni and Mr. Sumit Soni (both are sons of Mr. A.K.Soni) joined the organization. The company has its registered office in Kolkata and a branch office in Sri Lanka. NAPL procures manufactured aluminium frames, structures,

doors, windows from its group company Nitson and Amitsu Building Systems Private Limited (NABSPL). It is in knocked down condition and installs them at project sites along with allied

items and accessories.

About the Group

Nitson and Amitsu Building Systems Private Limited (NABSPL) is engaged in the manufacturing of aluminium doors, windows and structures and led by Mr. Aruneshwar Krishan Soni, Mr. Sonesh Gulati and Mr. Nitin Gulati. The group majorly caters to the Institutional, Hospital, Industrial, Infrastructure requirement on pan India basis.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the financial and business risk profile of Nitson & Amitsu Private Limited (NAPL) and Nitson & Amitsu Building Systems Private Limited (NABSPL). The group is herein being referred to as Nitson Group. The same is on account of common management, same line of operations and significant operational and financial linkages.

Key Rating Drivers

Strengths

- **Experienced management and established relationship with customers**

The group was incorporated in 1983 and promoted by Late M.S.Gulati and Mr. Aruneshwar Krishan Soni. They were working with L & T for 20 and 17 years respectively before incorporating NAPL in 1983.

Mr. Soni is having more than 50 years of vast experience in the field of electrical engineering. The other directors Mr. Sonesh Gulati and Mr. Nitin Gulati, also have more than two decades of experience in the field of façade glazing systems and another two directors Mr. Amit Soni and Mr. Sumit Soni also have more than two-decade experience in the field of electrical projects and LED energy saving instruments and devices. The long track record of operations has helped the group build long term relations with customers as well as with the suppliers.

The experienced management and long standing relationship with customers, supports group's business risk profile. Nitson group generates its revenues by providing services to Hotel and Infra industry in Kolkata mostly. Group provides hardware services to reputed clientele like ITC Group, RPSG Group, Prestige Group, Larsen & Toubro Limited, Tata Housing Group, Bengal Ambuja Group etc. Nitson group has also received the order for providing the windows and electrical fittings for Trump Tower, Queens Park, Alipore Institutes of Management and Bandan Bank. Acuite believes that the substantial experience of the promoters alongwith established relationship with existing customers will continue to benefit the Company over the medium term.

- **Steady scale of operations**

The group has achieved revenues of Rs. 92.81 Cr in FY2023 as compared to revenues of Rs. 80.15 Cr in FY2022. The turnover of the company has been growing at y-o-y of more than 15.79 per cent. NAPL has an unexecuted order book position of Rs. 292.42 Cr as on 30th November, 2023 which will be executed in 18-24 months. The order book to operating income (OB/OI) is almost 4.18 times. Further, the group has already achieved revenue of around Rs.70.00 Cr. till Dec'23 (Provisional). Going forward, Acuite believes that the revenue of the group will improve backed by healthy order book position, which imparts revenue visibility over the near to medium term.

The operating margin of the group increased to 6.51 per cent in FY2023 as compared to 5.87

per cent in FY2022. This significant increase in operating margin is on account of decrease in employee and selling expenses during the period. The PAT margin of the group stood at 1.11 per cent in FY2023 as compared to 1.07 per cent in FY2022. The ROCE levels stood at 8.87% in FY2023, up from 7.41% in FY2022.

Going forward, Acuite believes that the operating profitability margin of the group will improve on account of increasing demand in infrastructure industry in domestic as well as in global market.

- **Above Average financial risk profile**

The financial risk profile of the group is above average marked by moderate net worth, comfortable gearing and modest debt protection metrics. The tangible net worth of the group stood at Rs.46.03 Cr as on March 31, 2023 as compared to Rs.42.06 Cr.as on March 31, 2022. This improvement in networth is mainly due to the retention of current year profits in reserves. The gearing of the group stood comfortable at 0.48 times as on March 31, 2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.84 times as on March 31, 2023. The debt protection metrics of the group stood modest marked by Interest coverage ratio (ICR) of 1.43 times and debt service coverage ratio (DSCR) of 1.08 times for FY2023. The net cash accruals to total debt (NCA/TD) stood at 0.08 times in FY2023.

Going forward, Acuite believes the financial risk profile of the group will remain above average on account of steady net cash accruals owing to stable profitability margins with no major debt funded capex plan over the near term.

Weaknesses

- **Working capital intensive nature of operations**

The working capital operations of the group is intensive marked by high gross current asset (GCA) days of 451 days for FY2023 as compared to 476 days for FY2022. The GCA days are primarily on account of high inventory holding and high receivable days. The inventory days stood at 245 days in FY2023 as compared to 277 days in FY2022. The debtor days of the group stood at 181 days in FY2023 as against 182 days in FY 2022. Against this, the group has substantial dependence on its suppliers to support the working capital; creditors stood at 223 days as on March 31, 2023.

Acuite believes that the working capital operations of the group will remain at the similar levels over the medium term.

- **Intense competition from new players**

The aluminium facade contracting industry is facing competition from new service providers and contractors which could put a pressure on the scalability of the business.

Rating Sensitivities

- Sustainability of revenue along with improvement in profitability margins
- Elongation of working capital cycle

Liquidity Position Adequate

The group has adequate liquidity marked by steady net cash accruals of Rs. 1.70 Cr. as on March 31, 2023 as against Rs. 1.22 Cr long term debt obligations over the same period. The current ratio of the group stood comfortable at 1.66 times in FY2023. The cash and bank balance stood at Rs. 0.32 Cr for FY 2023. However, the bank limit of the group has been ~93.53 percent utilized for the last six months ended in December 2023. Further, the working capital operations of the group is intensive marked by high gross current asset (GCA) days of 451 days for FY2023 as compared to 476 days for FY2022. Acuite believes that the liquidity of the group is likely to remain adequate over the medium term on account of healthy cash accruals and absence of any major debt funded capex plans over the medium term.

Outlook: Stable

Acuité believes the group will maintain a stable business risk profile over the medium term. The group will continue to benefit from its experienced management and established association with customers and suppliers along with moderate scale of operation. The outlook may be revised to "Positive" in case the group registers significant improvement in scale of operations while improving their profit margins and achieving improvement in working capital cycle. The outlook may be revised to 'Negative' in case of deterioration in the group's scale of operations and profitability or capital structure, or in case of further elongation of working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	92.81	80.15
PAT	Rs. Cr.	1.03	0.86
PAT Margin	(%)	1.11	1.07
Total Debt/Tangible Net Worth	Times	0.48	0.69
PBDIT/Interest	Times	1.43	1.50

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

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Feb 2023	Letter of Credit	Short Term	15.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee	Short Term	2.50	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	6.00	ACUITE BB+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	16.00	ACUITE A4+ (Reaffirmed)
28 Apr 2022	Proposed Cash Credit	Long Term	4.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Bank Guarantee	Short Term	6.50	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee	Short Term	8.50	ACUITE A4+ (Reaffirmed)
	Proposed Letter of Credit	Short Term	2.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BB+ Stable (Reaffirmed)
29 Jan 2021	Cash Credit	Long Term	6.00	ACUITE BB+ Negative (Reaffirmed)
	Proposed Cash Credit	Long Term	4.00	ACUITE BB+ Negative (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A4+ (Reaffirmed)
	Proposed Letter of Credit	Short Term	2.00	ACUITE A4+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	6.50	ACUITE A4+ (Reaffirmed)
	Bank Guarantee	Short Term	13.50	ACUITE A4+ (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indian Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.50	ACUITE A4+ Reaffirmed
Indian Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.50	ACUITE A4+ Assigned
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.00	ACUITE BB+ Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE BB+ Stable Assigned
Indian Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE A4+ Reaffirmed
Indian Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A4+ Assigned

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Dipti Choudhary Analyst-Rating Operations Tel: 022-49294065 dipti.choudhary@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.