

RATING RATIONALE

18 May 2020

Anita International

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 30.00 crores of Anita International

Particulars

Facilities	Previous Amount (₹ Crs)	Present Amount Rated (₹ Crs)	Tenure	BWR Rating History (April, 2019)	Rating**
Fund Based [^]	(5.00)	(5.00)	Long Term	BWR BB+ <u>Stable</u> Upgraded	BWR BB+ <u>Stable</u> Reaffirmed
Non-Fund Based	30.00	30.00	Short Term	BWR A4+ Reaffirmed	BWR A4+ Reaffirmed
Total	30.00	30.00	INR Thirty Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

[^] Sub-limit of the non-fund based limit

RATING ACTION / OUTLOOK

BWR has reaffirmed the ratings for the bank loan facility availed by Anita International (AI) as BWR BB+ (Stable)/A4+. The reaffirmation in the ratings reflects rich experience of the proprietor, established relationship with customers and suppliers, growing scale of operations, healthy tangible net worth and low gearing levels, and comfortable interest coverage indicator. However, the ratings are constrained by low profitability margins, high receivable days, and constitution of the entity as a proprietorship concern.

The 'stable' outlook indicates a low likelihood of the rating change over the medium term. BWR believes that Anita International will continue to benefit from the rich experience of the proprietor.

KEY RATING DRIVERS

Credit Strengths

- **Experience of the proprietor:** The proprietor, Mr. Subhash Chandra Kathuria carries rich experience of almost four decades in the line of business. Mr. Subhash is Chairman of Synergy Steels Ltd, flagship company of the group, so the proprietor has in-depth knowledge of the industry and the concern reaps the benefit of both the knowledge and experience of the proprietor.
- **Established relationship with the customers and suppliers:** The concern has been able to establish a relationship of more than a decade with its suppliers due to the long track record of presence in the market.
- **Growing scale of operations:** The concern's total operating income is growing as the concern has reported the total operating income of INR 65.57 crores in FY 2019 as compared with INR 57.34 crores in FY 2018. Due to the impact of COVID-19, the concern was able to clock the revenue of INR 55.00 crores approximately in FY 2020.
- **Healthy tangible net worth and low gearing:** The net worth of the concern stood at INR 22.78 crores in FY 2019 by which the concern's gearing level stood on the lower side marked by Total Debt/TNW and TOL/TNW of 0.04x and 0.70x respectively in FY 2019. The gearing levels are expected to remain low in the medium term.
- **Comfortable interest coverage indicator:** The ISCR is above-average at 2.34x in FY 2019 but the debt coverage indicator is on a weaker side at 0.60x in FY 2019. This is due to CPLTD for loan against property which has been paid off during FY20.

Credit risks

- **Low operating profit margin:** The profitability margins have declined and were low marked by OPM and NPM of 2.51% and 1.46% respectively in FY 2019. The margins are projected to turn weak in the medium term seeing a decline in the revenue in FY 2020 due to COVID-19.
- **High receivable days:** The concern's receivable days were high at 108 days in FY 2019 however that has been partially offset by the credit line of 90 days from the suppliers.
- **Constitution of the entity:** The entity is constituted as proprietorship concern so it faces the inherent risk of capital being withdrawn at the time of personal exigency.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has considered the standalone financials of the concern. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the ability of the concern to sustain the growth in the scale of operations, improve profitability margins, maintain low gearing levels, maintain and improve coverage indicators, and maintain the adequate liquidity position will be the key rating sensitivities.

Positive: Any substantial jump in revenue from operations, profitability margins, improvement in financial risk and liquidity profile.

Negative: Any steep decline in the revenue from operations, profitability margins, deterioration in financial risk and liquidity profile.

LIQUIDITY POSITION: Adequate

The liquidity profile of the company is adequate marked by 72-75% utilization of the working capital limit of INR 5.00 crores, sufficient net cash accruals of INR 3.38 crores in FY 2019, above-benchmark current ratio and the quick ratio of 1.39x and 1.38x respectively in FY 2019. However, the liquidity is constrained by a modest cash and cash equivalents position of INR 0.07 crores as on 31 March 2020.

CONCERN'S PROFILE

Established in 1994, Anita International is a New Delhi-based proprietorship concern owned by Mr. Subhash Chandra Kathuria who is a qualified engineer having rich experience of almost four decades in the line of business. The concern is engaged in importing and reselling various types of grades of ferrous and non-ferrous items viz ferrous alloys, plastic and PVC raw material, paper, yarn dyes, rubber wood and other multiple items.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY 19	FY 18
Result Type		Audited	Audited
Total Operating Revenue	₹ Crores	65.57	57.34
EBITDA	₹ Crores	1.65	0.17
PAT	₹ Crores	0.96	4.41
Tangible Net Worth	₹ Crores	22.78	21.78
TOL/TNW	Times	0.70	0.94
Current Ratio	Times	1.39	5.51

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

RATING HISTORY [INCLUDING WITHDRAWN AND SUSPENDED]

Facilities	Current Rating (2020)			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	Apr, 2019	Feb, 2018	2017
Fund Based*	Long Term	(5.00)	BWR BB+ Stable Reaffirmed	BWR BB+ Stable Upgraded	BWR BB Stable Upgraded	-
Non-Fund Based	Short Term	30.00	BWR A4+ Reaffirmed	BWR A4+ Reaffirmed	BWR A4+ Upgraded	
Total		30.00	INR Thirty Crores Only			

* Sub-limit of the non-fund based limit

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [Short Term Debt](#)

Analytical Contacts	Investor and Media Relations
<p>Akshay Rastogi Rating Analyst Board: +91 11 2341 2232 Ext: 109 akshay.r@brickworkratings.com</p> <p>Satvinder Kumar Gakhar Assoc. Director- Ratings Board: +91 11 2341 2232 satvinder.g@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>

Anita International

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1.	Oriental Bank of Commerce	Cash Credit*	(5.00)	-	(5.00)
2.		Letter of Credit	-	30.00	30.00
TOTAL					30.00

Total Rupees Thirty Crores Only

* Sub-limit of letter of credit.



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