

Rating Advisory

July 31, 2020 | Mumbai

Anisha Impex Limited

Advisory as on July 31, 2020

This rating advisory is provided in relation to the rating of Anisha Impex Limited

The key rating sensitivity factors for the rating include:

- Revenue and profitability
- Working capital management
- Capital expenditure (capex) and its funding

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Anisha Impex Limited (AIL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If AIL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circulars SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt. Nov 1, 2016, SEBI/HO/MIRSD/MIRSD4/CIR/P/2017/71 dt. June 30, 2017 and SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dt. January 3, 2020 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About the Company

AIL, based in Ghaziabad, was incorporated by Mr Sunil Malik and his family in 1999. In 2018, Mr Dinesh Parikh acquired a majority stake in the company and took over management control. The company trades in fabrics, and is listed on the Bombay Stock Exchange.

Please note: This advisory should not be construed as a rating reaffirmation.

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Rating Rationale

August 19, 2019 | Mumbai

Anisha Impex Limited

Long-term rating downgraded to 'CRISIL B/Stable'

Rating Action

Total Bank Loan Facilities Rated	Rs.10 Crore
Long Term Rating	CRISIL B/Stable (Downgraded from 'CRISIL B+/Stable')
Short Term Rating	CRISIL A4 (Reassigned)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has downgraded its rating on the long-term bank facilities of Anisha Impex Limited (AIL) to '**CRISIL B/Stable**' from 'CRISIL B+/Stable' and reassigned its '**CRISIL A4**' rating to the short-term bank facility.

The downgrade reflects a decrease in AIL's revenue and profitability, leading to cash accrual dropping to Rs 43 lakh in fiscal 2019 from Rs 52 lakh in fiscal 2018, thereby constraining liquidity. The revenue decline has been largely on account of discontinuation of yarn business and the company's revenues are expected to remain constrained over the medium term. Bank limit utilisation has been high and averaged 98% during the 12 months through May 2019, against moderate utilisation of 88% in the corresponding period of the previous fiscal.

The ratings also factor in the modest scale of AIL's operations the highly fragmented textile trading business, and large working capital requirement. These weaknesses are partially offset by the extensive experience of the promoters and a moderate financial risk profile.

Key Rating Drivers & Detailed Description

Weaknesses

* Modest scale of operations amid intense competition

Intense competition may continue to constrain scalability, pricing power, and profitability. Revenue was Rs 50.19 crore in fiscal 2019, while the operating margin has been restricted at - 0.3 -2.5 for the three fiscals through 2019.

* Large working capital requirement

Operations are likely to remain working capital intensive over the medium term. Gross current assets were sizeable at 136 days as on March 31, 2019, driven by stretched receivables of 72 days and inventory of 49 days.

Strengths

* Extensive experience of the promoters

Benefits from the promoters' experience of 19 years, their strong understanding of local market dynamics, and healthy relations with customers and suppliers should continue to support the business.

* Moderate financial risk profile

The financial risk profile may remain moderate over the medium term. Networth was Rs 17.08 crore as on March 31, 2019, with gearing low at 0.4 time. Debt protection metrics were also adequate, with net cash accrual to adjusted debt ratios of 0.06 time, in fiscal 2019.

Liquidity

Bank limit utilisation was high at 98% during the 12 months through May 2019. Net cash accrual estimated at Rs 0.83 crore in fiscal 2020 and expected at Rs 0.98 crore in fiscal 2021, against maturing debt obligation of Rs 0.05 crore annually. Current ratio remained moderate at 1.06 times as on March 31, 2019.

Outlook: Stable

CRISIL believes AIL will continue to benefit from the extensive experience of the promoters. The outlook may be revised to 'Positive' if there is substantial and sustainable increase in revenue and profitability along with prudent working capital management. Conversely, the outlook may be revised to 'Negative' if a steep decline in revenue and profitability, a further stretch in the working capital cycle, or any large, debt-funded capital expenditure weakens the financial risk profile and liquidity.

About the Company

AIL was established in 1999 by Mr Sunil Malik and family. In 2018, Mr Dinesh Parikh acquired a major stake in the company and took over the management control. This Ghaziabad (Uttar Pradesh)-based company trades in various types of fabrics. AIL is listed on the Bombay Stock Exchange.

Key Financial Indicators

Particulars	Unit	2019	2018
Revenue	Rs crore	50.19	55.26
Profit After Tax (PAT)	Rs crore	0.05	0.08
PAT Margin	%	0.10	0.15
Adjusted debt/adjusted networth	Times	0.41	0.31
Interest coverage	Times	-0.26	1.37

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Cr)	Rating assigned with outlook
NA	Cash Credit	NA	NA	NA	7	CRISIL B/Stable
NA	Bank Guarantee	NA	NA	NA	1	CRISIL A4
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	2	CRISIL B/Stable

Annexure - Rating History for last 3 Years

	Current			2019 (History)		2018		2017		2016		Start of 2016
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	9.00	CRISIL B/Stable			30-08-18	CRISIL B+/Stable	22-08-17	CRISIL B/Stable	31-05-16	CRISIL B/Stable	--
Non Fund-based Bank Facilities	LT/ST	1.00	CRISIL A4		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Bank Guarantee	1	CRISIL A4	Cash Credit	4.9	CRISIL B+/Stable
Cash Credit	7	CRISIL B/Stable	Proposed Long Term Bank Loan Facility	5.1	CRISIL B+/Stable
Proposed Long Term Bank Loan Facility	2	CRISIL B/Stable	--	0	--
Total	10	--	Total	10	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

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