

Antik ^(Revised)
June 26, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	3.77	CARE B;Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE B+; Stable (Single B Plus; Outlook: Stable) on the basis of best available information
Short-term Bank Facilities	0.15	CARE A4; ISSUER NOT COOPERATING (A Four)	Issuer not cooperating; Based on best available information
Total Facilities	3.92 (Rupees Three crore and Ninety Two Lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Antik to monitor the ratings vide email communications/letter dated June 12, 2020 June 10, 2020, May 5, 2020, and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Antik's bank facilities will now be denoted as **CARE B; Stable/CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Detailed description of the key rating drivers

The long term rating of the firm has been revised on account of limited experience of proprietor, proprietorship nature of constitution, and exposure to raw material price volatility, highly competitive and fragmented nature of industry. The ratings, however, derive strength from favorable location.

Key Rating Weaknesses**Limited experience of proprietor**

ANK is engaged in manufacturing of handloom products and is managed by Mr. Ankit. Mr. Ankit has an experience of 3 years which he has gained through his association with ANK only. However the proprietor is supported by experienced staff to manage day to day operations. Also, the proprietor has support of other family run businesses – Nikunj International, Gupta Textile Mills and Gupta Spinners.

Proprietorship nature of constitution

ANK's constitution as a proprietorship firm has the inherent risk of possibility of withdrawal of the proprietors' capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of proprietor. Moreover, proprietorship firms have restricted access to external borrowing as credit worthiness of proprietor would be the key factor affecting credit decision of the lenders.

Exposure to raw material price volatility

The entities in textile industry are susceptible to fluctuations in raw material prices. Cotton yarn, jute yarn and polyester yarn are the primary raw materials required for production of handloom products. The raw material

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

cost forms major part of the cost of sales. Any wide fluctuation in price of its key raw material and inability to timely pass on the complete increase in the prices to its customers is likely to affect its profitability margins.

Highly competitive and fragmented nature of industry

The firm operates in the textile manufacturing and processing industry which is highly competitive industry with presence of numerous independent small-scale enterprises owing to low entry barriers leading to high level of competition in the processing segment. Furthermore, the Indian textile industry also faces competition from the low cost countries like China and Bangladesh. The intense competition in the textile processing industry also restricts ability to completely pass on volatility in input cost to its customers, leading to lower profit margins. The firm has availed moratorium from its bank in light of COVID-19, as per the extant Reserve Bank of India (RBI) guidelines.

Key Rating Strengths

Favorable location

ANK's manufacturing facility is located in Panipat, Haryana which is one of the largest textile hubs in India for textile products and is a ready available market for these products. The firm benefits from the location advantage in terms of easy accessibility to large customer base located in Panipat. Additionally, various raw materials required in manufacturing of products are readily available owing to established supplier base in the same location. Furthermore, skilled labour is also available by virtue of it being situated in the textile cluster.

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's methodology for manufacturing companies](#)

[Financial ratios – Non-Financial Sector](#)

About the company

Antik (ANK), based in Panipat, Haryana was established in 2016 as a proprietorship concern with Mr. Ankit as proprietor. ANK is engaged in manufacturing of polyester towels at its facility located in Panipat, Haryana

Brief Financials (Rs. crore)	FY18 (A)	FY19 (P)
Total operating income	3.19	8.00
PBILDT	0.70	0.80
PAT	0.03	0.09
Overall gearing (times)	1.61	1.76
Interest coverage (times)	4.13	3.05

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	February, 2025	1.27	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	2.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+;

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
					Stable on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	0.15	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	1.27	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information	-	1)CARE B+; Stable (15-Jul-19)	-	-
2.	Fund-based - LT-Cash Credit	LT	2.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information	-	1)CARE B+; Stable (15-Jul-19)	-	-
3.	Non-fund-based - ST-Bank Guarantees	ST	0.15	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4 (15-Jul-19)	-	-

*Issuer did not cooperate; Based on best available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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