

Brilliant International LLP: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	5.50	SMERA B+/Stable (Suspension Revoked, Rating Assigned)
Secured Overdraft	2.14	SMERA B+/Stable (Suspension Revoked, Rating Assigned)
Export Packing Credit	4.00	SMERA A4 (Suspension Revoked, Rating Assigned)
Proposed - Cash Credit	4.86	SMERA B+/Stable (Suspension Revoked, Rating Assigned)
Letter of Credit	2.50	SMERA A4 (Suspension Revoked, Rating Assigned)

SMERA has revoked the suspension of rating and assigned long term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned Rs.19.00 crore bank facilities of Brilliant International LLP (BIL). The outlook is '**Stable**'.

The ratings draw support from the established track record of operations, experienced management and the various sales channels adopted. The ratings also factor in the product portfolio and average financial risk profile. However, the ratings are constrained by the foreign exchange fluctuation risk and intense competition in the consumer durables industry.

Update

BIL manufactures and trades in electronic and household products. The firm reported net loss of Rs.0.01 crore on operating income of Rs.24.37 crore in FY2015-16, as compared to Rs.0.65 crore on operating income of Rs.38.46 crore in the previous year. Further, the company registered operating income of ~Rs.16.00 crore till October 2016. BI has average financial risk profile marked by networth of Rs.6.64 crore as on 31st March 2016 as against Rs.7.44 crore as on 31st March 2015. The gearing stood at 1.56 times as on 31st March 2016 as compared to 1.67 times as on 31st March 2015. The interest coverage ratio is also average at 1.28 times for FY2015-16 as compared to 1.73 times for FY2014-15.

BIL's operating margins stood healthy at 6.82 per cent in FY2015-16 as compared to 6.20 per cent in FY2014-15. The profit margins declined to (0.05) per cent in FY2015-16 from 1.69 per cent in FY2014-15. Besides, the company faces intense competition in the consumer durables industry.

BIL sells its products online, through tele shopping and also caters to institutional customers such as Star CJ, Naptol, Big Bazar, More etc. The company exports its products to Middle East, Europe, UK and America.

BIL has working capital intensive operations with gross current assets days of 227 days in FY2015-16 as compared to 193 days in FY2014-15 on account of high inventory receivable days of 84 and 103 days respectively. The average cash credit utilisation stood at ~ 95 percent.

Rating Sensitivity Factors

- Scaling up operations while maintaining stable profitability
- Efficient working capital management

Outlook-Stable

SMERA believes that BIL will continue to maintain a stable outlook over the medium term owing to its partners' extensive industry experience and established relations with customers. The outlook may be revised to 'Positive' if the firm registers substantial increase in profitability margins, while maintaining healthy revenue growth, or if there's substantial increase in net-worth on the back of capital additions from partners. Conversely, the outlook may be revised to 'Negative' if BIL registers steep decline in profitability margins or the firm registers substantial deterioration in capital structure on account of larger-than-expected working capital requirements.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Group

BIL, the erstwhile partnership firm established in 1992 by Mr. Ram Chainani and his son, Mr. Bipin Chainani was converted to limited liability partnership in 2014. The firm manufactures and trades in electronic and household products such as door bells, switches, distribution boxes among others apart from sarees and imitation jewellery.

For FY2015-16, BIL registered net loss of Rs.(0.01) crore on operating income of Rs.24.37 crore as compared to PAT of Rs.0.65 crore on operating income of Rs.38.46 crore for FY2014-15.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
20 September, 2016	Term Loan	0.10	SMERA BB- (Suspended)	-	Stable
	Export Packing Credit	4.50	SMERA BB- (Suspended)	-	Stable
	Cash Credit	5.50	SMERA BB- (Suspended)	-	Stable
	Secured Overdraft	2.14	SMERA BB- (Suspended)	-	Stable
	Letter of Credit	2.50*	-	SMERA A4+ (Suspended)	-
	Proposed cash Credit	3.26	SMERA BB- (Suspended)	-	Stable
17 July, 2015	Term Loan	0.10	SMERA BB- (Assigned)	-	Stable
	Export Packing Credit	4.50	SMERA BB- (Assigned)	-	Stable
	Cash Credit	5.50	SMERA BB- (Assigned)	-	Stable
	Secured Overdraft	2.14	SMERA BB- (Assigned)	-	Stable
	Letter of Credit	2.50*	-	SMERA A4+ (Assigned)	-
	Proposed cash Credit	3.26	SMERA BB- (Assigned)	-	Stable

*Includes sub limit of bank guarantee to the extent of Rs 1 crore

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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