

Press Release

Brilliant International LLP

March 12, 2018

Rating Downgraded and Reaffirmed



Total Bank Facilities Rated*	Rs. 19.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has downgraded long-term rating of '**SMERA B**' (read as **SMERA B**) from **SMERA B+** (read as **SMERA B plus**) and reaffirmed short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 19.00 crore bank facilities of Brilliant International LLP. The outlook is '**Stable**'.

Brilliant International LLP (BIL), based at Mumbai, was established in 1992 by Mr. Ram Chainani and Mr. Bipin Chainani. The company is engaged in manufacturing and trading large range of electronic goods and household products including switches, socket and non-stick cookware. BIL imports household products like nonstick cookware from China and sells through dealer network and to reputed retail chains in India.

Key Rating Drivers

Strengths

- **Established track record of operations, experienced promoters**

BIL, established in 1992, has an established track record of operation. Mr. Ram Chainani and Bipin Chainani, promoters of the firm have more than three decade of experience in this line of business.

Weaknesses

- **Continuous decline in revenue**

BIL's revenue has been declining over the last three years from Rs 38.46 crore as on FY2015 to Rs 24.37 crore as on FY2016 and further to Rs 19.48 crore as on FY2017. PAT stood at Rs 0.13 crore in FY2016-17 mainly supported by other income of Rs 0.13 crore as compared to losses incurred in FY2016, BIL has booked revenue of around Rs.13.50 crores during the period April to January 2017. The company expects to book revenues of ~ Rs. 14.50 crores in FY2017 which would be lower than the revenue for FY2017.

- **Average financial risk profile**

BIL has moderate financial risk profile marked by average net worth of Rs.6.88 crore as on 31st March 2017 as compared to Rs.6.64 crore as on 31st March 2016. The gearing of the firm stood at 1.44 times as on 31st March 2017 as compared to 1.56 times as on 31st March 2016. The interest coverage ratio is low and the same stood at 1.33 times for FY2016-17 as compared to 1.28 times for FY2015-17.

- **Working capital intensive operation**

The operation of BIL is working capital intensive marked by gross current asset of 292 days majorly on account of inventory of 155 days and debtors of 86 days as on FY2017.

- **Competitive industry with volatility in raw material prices**

The company operates in a highly competitive segment of the consumer durables characterized by a large number of unorganised players and reputed multinational companies.

Analytical Approach

SMERA has considered standalone business and financial risk profile of Brilliant International LLP for the purpose of rating

Outlook: Stable

SMERA believes BIL will maintain a stable credit profile over the medium term on the back of experienced management and established business model. The outlook may be revised to 'Positive' in case the firm registers healthy growth in revenues while achieving sustained improvement in profit margins or improvement. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues and profit margins or deterioration in the firm's capital structure on account of higher than-expected working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	19.48	24.37	38.46
EBITDA	Rs. Cr.	1.86	1.66	2.39
PAT	Rs. Cr.	0.13	-0.01	0.65
EBITDA Margin	(%)	9.53	6.82	6.20
PAT Margin	(%)	0.65	-0.05	1.69
ROCE	(%)	9.57	7.29	21.27
Total Debt/Tangible Net Worth	Times	1.44	1.56	1.67
PBDIT/Interest	Times	1.33	1.28	1.73
Total Debt/PBDIT	Times	4.97	5.97	4.91
Gross Current Assets (Days)	Days	292	227	194

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
16-Dec-2016	Cash Credit	Long Term	INR 5.5	SMERA B+ / Stable
	Secured Overdraft	Long Term	INR 2.14	SMERA B+ / Stable
	Packing Credit	Short Term	INR 4	SMERA A4 / Stable
	Proposed Cash Credit	Long Term	INR 4.86	SMERA B+ / Stable
	Letter of Credit	Short Term	INR 2.5	SMERA A4
20-Sep-2016	Term Loan	Long Term	INR 0.1	SMERA BB- / Stable
	Packing Credit	Long Term	INR 4.5	SMERA BB- / Stable
	Cash Credit	Long Term	INR 5.5	SMERA BB- / Stable
	Secured Overdraft	Long Term	INR 2.14	SMERA BB- / Stable
	Letter of Credit	Short Term	INR 2.5	SMERA A4+
	Proposed Cash Credit	Long Term	INR 3.26	SMERA BB- / Stable
17-Jul-2015	Term Loan	Long Term	INR 0.1	SMERA BB- / Stable
	Packing Credit	Long Term	INR 4.5	SMERA BB- / Stable
	Cash Credit	Long Term	INR 5.5	SMERA BB- / Stable
	Secured Overdraft	Long Term	INR 2.14	SMERA BB- / Stable
	Letter of Credit	Short Term	INR 2.5	SMERA A4+
	Proposed Cash Credit	Long Term	INR 3.26	SMERA BB- / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Letter of credit	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA A4
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.50	SMERA B / Stable
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA A4
Proposed	Not Applicable	Not Applicable	Not Applicable	7.00	SMERA B / Stable

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ABOUT SMERA

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