

Reissued Rating Rationale

Brickwork Ratings assigns BWR BB/A4 for the Bank Loan Facilities aggregating to ₹ 17.96 Crores of C L International

Brickwork Ratings has assigned following **Ratings**¹ for the Bank Loan Facilities of C L International. (CLI or the “**Firm**”):-

Sr. No	Facility	Existing Limits	Tenure	Rating Assigned
	Fund Based			
1	TL1	2.71	Long Term	BWR BB Pronounced BWR Double B (Outlook: Stable)
2	Cash Credit	1.50		
3	PC/PCFC	7.50	Short Term	BWR A4 Pronounced BWR A Four
4	FBP/PSCFC(DP/DA)	8.00		
	Non Fund Based			
5	LC(DP/DA) 90 days (Sub Limit of CC)	(1.50)		
	Max(2+3+4+5)	15.00		
6	Bank Guarantee	0.25		
	Total	17.96	INR Seventeen Crores and Ninety Six Lakhs	

Note: Max cap for facilities 'Cash Credit', 'PC/PCFC', 'FBP/PSCFC (DP/DA)', 'LC (DP/DA)' is 15.00 Cr. at any point of time.

BWR has essentially relied upon the audited financial results of C L International upto FY15, 10MFY15 provisional data and projected financial for FY16 and FY17, publicly available information and information provided by the management.

The rating has, inter alia, factored in the experienced management, sharp increase in net sales, capital infusion done by the promoters in FY16 as per provisional data, diversified client base and reduction in days' receivables. The rating is, however, constrained owing to the partnership nature of constitution, decline in profitability margins and weak debt protection metrics. Any withdrawal of infused capital by the partners of the firm or any substantial capital investment, without further infusion of capital, will be viewed with concern and may change the outlook from 'Stable' to 'Negative'.

Background:

C L International, a partnership firm, was established in 2007 at New Delhi. The firm is a manufacturer and exporter of agro-based products which include wheat products (Atta, Maida and Semolina), spices, incense sticks, basmati and non-basmati Rice.

The firm also exports to countries like Italy, Canada, Dubai, UK, Kuwait, Oman, Iran, Somalia, Saudi Arabia amongst others. Mr. Abhinav Gupta and Mrs. Supriya Gupta are the partners in the firm, having equal stake.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

As per the audited financials for FY15, CLI's net sales stood at Rs. 298.17 Crs. and profit after tax for the firm stood at Rs. 0.37 Crores in FY15. Tangible Networth for the firm stood at Rs. 6.19 Crores as on 31st March 2015. Operating profit margin & net profit margin for the company stood at 0.35% & 0.12% respectively in FY15. Leverage for the company stood at 2.89 times.

As per 10MFY16 provisional data, the firm achieved gross operating income of Rs. 332 cr and Tangible Networth of Rs. 29.96 cr.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward scaling up of business, meeting projections and ensure timely servicing of debt would be the key rating sensitivities.

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