Rating Rationale

06 June 2022

C. I. Capital Pvt. Ltd.

Brickwork Ratings upgrades the rating for the Bank Loan Facilities of Rs.10.00 Crs of C. I. Capital Pvt. Ltd. ('CICPL or 'the Company), and removes the rating from 'Issuer Not Cooperating' category.

Particulars

Facilities	Amount Rs. Crs.		Tenure	Rating	
	Previous	Present		Previous (Dec, 2021)	Present*
Fund based bank loans - Cash Credit	10.00	**10.00**	Long Term	BWR B/ Stable (Downgrade) ISSUER NOT COOPERATING#	**BWR BB-/Stable/ Upgrade and removal from** ISSUER NOT COOPERATING# Category
Total	10.00	**10.00**	**Rupees Ten Crores Only**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Based on best available information; Issuer Not cooperating.
Note: Details of Bank facilities is provided in Annexure-I

RATING ACTION/ OUTLOOK

Brickwork Ratings (BWR) upgrades the ratings of bank loan facilities of C I Capital Pvt Ltd, as tabulated above. BWR has principally relied upon the financials of the company upto FY22 and information/ clarification as provided by the company.

The rating upgrade derives strength from the promoters' experience, relatively secured portfolio and adequate capitalization. The rating is, however, constrained by limited track record, low assets under management (AUM), geographical concentration, moderate profitability and slowdown in the automobile sector.
BWR maintains stable outlook for the company indicating low likelihood of any rating change over the medium term

KEY COVENANTS OF INSTRUMENTS / FACILITIES RATED - NIL

KEY RATING DRIVERS

Credit Strengths-:

Experienced Management: The promoters Mr. Rakesh Malik holds more than three decades of experience in operating auto dealerships and real estate business through C.I.Capital Private Ltd's group entities. He is assisted by his wife, Mrs. Anju Malik, who also has gained more than three decades of experience in handling all the group companies. Mr.Rahul Malik, Mr.Akash Malik and

Mr.Varun Malik joined the management as Directors in FY21, with an average industry work experience of ~10 years.

Secured portfolio and adequate capitalisation: Four wheeled loans, Loan Against Property and Small and medium Enterprises (SME) are the main products of C.I.Capital Private Ltd., which are secured by the vehicles purchased and residential / commercial properties respectively. Exposures of new cars stood at 21.16%, Used Cars at 25.45%, Loan Against Property at 11.79%, SME Business Loan at 30.41% and SME Personal Loan at 11.18% of total AUM in FY22(Provisional). Further, the total capital adequacy ratio (CAR) of the Company stood at 49.22% in FY21 and 43.26 % in FY22 (Provisional).

Credit Risks-:

Limited track record, low AUM and Net income and low Tangible Net Worth

C.I.Capital Private Ltd started its operations in FY19 and has a limited operational track record, with limited presence and product portfolio, AUM of the Company was low at Rs.11.05 Crs. as on 31st March 2021 and Rs.10.32 Crs. in FY22(Provisional). As a result, Net income from operations for FY21 stood low at Rs.1.08 Crs. and 1.35 Crs in FY22(Provisional). Further, TNW of the Company was also low at Rs.4.33 Crs. as on March 31, 2021 which restricts the growth in AUM.

Geographical Concentration risk and slowdown in automobile sector

The business operations of C.I.Capital Private Ltd., is concentrated in Bhopal region, Madhya Pradesh as it lends mainly to the customers of its group entities which operate in Bhopal region and automobile sector. This has also limited the AUM growth of the company. Further, growth is dependent on the Automobile , Real Estate and S.M.E sectors.

Asset Quality : Asset Quality deteriorated with GNPA% of 8.86 % in FY21 compared to 1.83 % in FY20 and 10.56% in FY22 (provisional), due to COVID 19. However, as per management GNPA % will reduce since underlying assets are secured. Pre covid collection efficiency was ~ 85%, During pandemic the collections were affected in Q1FY22 at ~50%. However, since July 2021 the collections efficiency has improved at ~80% level, there is a slight decline in Feb 2022 and company expects the collection efficiency to improve to pre covid levels of ~85% for FY23.

Analytical Approach and Applicable Rating Criteria

BWR has essentially relied upon the audited financials of the Company upto FY21,publicly available information and information/clarifications provided by the management.

RATING SENSITIVITIES

Going forward, the company's ability to show considerable growth in its loan portfolio, while maintaining asset quality, profitability and adequate liquidity will be a key rating sensitivity factor.

Positive: The company's ability to show considerable growth in its loan portfolio, while maintaining asset quality, profitability, a prudent capital structure and decreasing geographical concentration is a key rating positive.

Negative: Lower-than-expected growth in the loan portfolio or a deterioration in the asset quality and capital structure are key rating negatives.

Liquidity Profile: Adequate
The company has a cash/bank balance(excluding lien mark) of Rs.0.37 Crs and has no other borrowings than the cash credit limits of Rs. 10 crs. The Average Cash credit Utilization is ~90% during FY22, and has outflows in the form of interest expenses. Against these, the company has average monthly collections of Rs.0.35 Crs, indicating the company having adequate liquidity to meet its existing interest payment obligations.

Analytical Approach
For arriving at its ratings, BWR has applied a standalone approach of financials and its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale)

About the Company
C. I. Capital Pvt. Ltd. (CICPL) is a Bhopal based Non-deposit taking NBFC registered with the RBI. It was incorporated in 1996 as Penny Care Leasing and Finance Pvt. Ltd. and was taken over by existing promoter i.e. Mr. Rakesh Malik in 2017 and changed the name as C. I. Capital Pvt. Ltd.
C. I. Group has three other entities in it namely C. I. Automotors Pvt. Ltd. (CIAPL), C. I Finlease Ltd. (CIFL) and C. I. Builders Ltd. CIAPL and CIFL are dealers of Mahindra & Mahindra and Hyundai vehicles respectively, having their showrooms at Bhopal, Madhya Pradesh. C. I. Capital Pvt. Ltd. mainly provides financing to the customers of CIAPL and CIFL. In addition to this, the Company also provides Loan Against Property (LAP).

NON-COOPERATION WITH PREVIOUS RATING AGENCY: CARE Ratings vide its press release on 28 January, 2020 has put the ratings on Issuer Non-co-operation on account of non-submission of information. Further, CARE Ratings vide its press release on 06 April 2021 has continued the ratings on Issuer Non-co-operation.

KEY FINANCIAL INDICATORS

Key Parameters	Units	FY20 (A)	FY21(A)
Interest Income	In Crs.	1.63	2.15
Interest Expense	In Crs.	0.98	1.23
Net Income from operations	In Crs.	0.83	1.08
Net Interest Margin	%	5.66	8.34
Net Profits	In Crs.	0.11	0.15
TNW	In Crs.	2.26	4.33
Total AUM	In Crs.	11.41	11.05
Gross NPA	In Crs.	0.21	0.98
Gross NPA	%	1.83	8.86
CRAR	%	21.80	49.22

RATING HISTORY FOR THE LAST THREE YEARS (including Withdrawn/ Suspended rating)

Sl. No.	Facility	Current Rating			Rating History			
		Type	Amount (Rs. Crs.)	Rating	2021 (17.Dec.2021)	2021 (20.Sep.2021)	2020 (17.Sep.2020)	2019
1	Fund based bank loans: Cash Credit	Long Term	10.00	BWR BB-/ Stable (upgrade)	BWR B/ Stable (Downgrade) ISSUER NOT COOPERATING#	Issuance of Advisory	BWR B+/ Stable Assigned	-
			10.00	**Rupees Ten Crores only**				

based on best available information; Issuer Not Cooperating

COMPLEXITY LEVELS OF THE INSTRUMENTS - Bank Loans - SIMPLE
For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- General Criteria
- Banks & Financial Institutions

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Annexure I - Details of Rated Facilities

Bank	Name of Facility	Nature of the Facility	Rated Amount (Rs. Crs.)
Punjab & Sind Bank	Cash Credit	Fund Based- Long Term	10.00
Total			**10.00**

Total Rupees Ten Crores Only

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