



Press Release

Clifton Export Private Limited

February 07th, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	11.70	IVR BBB-/Stable [IVR Triple B minus with stable outlook]	IVR BBB-/Stable [IVR Triple B minus with stable outlook]	Rating Reaffirmed	Simple
Short Term Bank Facilities	66.15	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
Total	77.85	[Rupees seventy-seven crores and eighty-five lakhs only]			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BBB- with stable outlook and IVR A3 for the short-term facilities of Clifton Export Private Limited (CEPL).

The rating continues to draw comfort from experienced of promoters along with established track record of operations, moderate capital structure coupled with moderate profitability margins. Additionally, the diversified product portfolio and strategic location further strengthen the ratings. However, these rating strengths are partially offset by vulnerability to regulatory risk and changing trends in fashion industry with capital intensive nature of industry.

The outlook stood 'stable' on account of moderate scale of operations and running order book position. IVR believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of CEPL up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors



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- Significant and sustained growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity. Improvement in financial risk profile.
- Effective working capital management with improvement in operating cycle and liquidity.

Downward Factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any further deterioration in the financial risk profile
- Any further significant rise in working capital intensity or unplanned capex leading to further deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoters in the industry with a long track record of operations leading to a strong position in the industry

CEPL is managed by Mr. B. Nadanasabapathy. The company has around three decades of operational track record in manufacturing & sales of readymade garments. The extensive experience of the promoters is also reflected through the established relationship with its suppliers and customers. Also, under the leadership of its promoters and their established network, the company has been able to maintain growth momentum over the last few years. The promoters are supported by team of qualified & experienced professional.

Moderate profitability margins

EBITDA improved and stood at Rs. 14.86 crore in FY24 as against Rs. 14.25 crore in FY23. EBITDA margin of the entity increased by 115 bps and stood at 7.09% in FY24 as against 5.94% in FY23, due to decrease in consumption of raw material. PAT decreased from Rs. 6.65 Crore in FY23 to Rs. 4.30 Crore in FY24. PAT margin decreased by (72) bps and stood at 2.05% in FY24 as against 2.77% in FY23, in line with EBITDA margin. Net cash accruals stood at Rs. 7.13 crore in FY24 as against Rs. 9.88 crore in FY23.

Moderate capital structure and debt protection metrics



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Long term debt upon equity and overall gearing and stood at 0.28x and 1.53x in as on 31st Mar'24 as against 0.33x and 1.50x as on 31st Mar'23, due to increase in total debt. TOL/TNW stood moderate at 2.06x in FY24 as against 1.80x in FY23, due to increase in Sundry Creditors. The debt protection metrics of the entity are comfortable and above unity interest coverage ratio stood at 2.38x in FY24 as against 3.02x in FY23, due to increase in interest and finance charges. And debt service coverage ratio (DSCR) stood at 1.63x in FY24 as against 1.83x in FY23.

Diversified product portfolio and locational advantage

CEPL is in the Knitwear cluster of India i.e., Tirupur, which provides the Company easy accessibility to raw materials at competitive prices and easy availability of skilled labour. The company is in the business of knitted garments having a diverse product portfolio.

Key Rating Weaknesses

Competitive and capital-intensive nature of the industry

The company faces stiff competition from many players in the domestic as well as international market, which exerts pressure on its profitability as well as scale of business operations. The operations of the company are also very capital intensive in nature. The operating cycle of the company has stayed on the higher side in FY24(120 days) and FY23(103 days).

Vulnerability to regulatory risk and changing trends

CEPL has ~74% of its top line contributed by exports. This exposes the company to uncertainties which can affect the top line growth of the company in near future. Also, readymade garment business is characterized by a constant change in fashion trends and as such the ability of the company to constantly innovate in terms of fashion trends is important.

Analytical Approach: Standalone

Applicable Criteria:

[Rating methodology for manufacturing companies.](#)

[Financial ratios & interpretation \(Non-financial sector\).](#)

[Criteria for assigning rating outlook.](#)

[Policy on default recognition](#)

[Complexity level of rated instruments/facilities](#)



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Liquidity – Adequate

The liquidity position of CEPL is adequate marked by 94.98% average utilisation of fund-based limits during the past 12 months ended november'2024. Further, the CEPL expects sufficient cushion in cash accruals against its debt repayments for the next 3 years. Current Ratio stood at 1.31x as of March 31, 2024. The unencumbered cash and bank balance of the company stood at Rs.2.33 Crores as on March 31, 2024. The operating cycle of the entity increased and stood at 120 days in FY24 as against 103 days in FY23 with increase credit period of 52 days in FY23 to 70 days in FY24 with a decrease in scale of operations.

About the Company

Erstwhile a proprietorship concern formed in 1993 by Mr. B. Nadanasabapathy and later reconstituted as a private limited company in 2007, Clifton Export Pvt. Ltd. (CEPL) is a Tirupur, Tamil Nadu based Company, engaged in manufacturing of hosiery garments like underwear, baby wear and other knitwear. CEPL exports 77% of its products to countries like France, Netherland, Germany, South Korea, UK, USA etc. CEPL requires yarn and fabric as a major raw material which is mainly procured from the domestic market with only 2% imports from countries like Hong Kong, Germany, and China.

Financials [Standalone]:

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	239.93	209.78
EBITDA	14.25	14.86
PAT	6.65	4.30
Total Debt	71.49	76.95
Tangible Net Worth	47.68	50.15
EBITDA Margin (%)	5.94	7.09
PAT Margin (%)	5.94	7.09
Overall Gearing Ratio (x)(including quasi-equity)	1.50	1.53
Interest Coverage (x)	3.02	2.38

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Vide press release dated September 04th, 2024; Brickwork Ratings India Private Limited have kept the ratings under non-cooperation category on account of non-submission of relevant information.



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Vide press release dated January 10th, 2025; India Ratings & Research have kept the ratings under non-cooperation category on account of non-submission of relevant information.

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
				February 03rd, 2025	January 24th, 2024	December 21st, 2022	September 23rd, 2021
1.	Fund Based Limits	Long Term	11.70	IVR BBB- / Stable	IVR BBB- / Stable	IVR BBB- / Stable	IVR BBB- / CWDI
2.	Fund Based Limits	Short Term	62.00	IVR A3	IVR A3	IVR A3	IVR A3 / CWDI
3.	Non-Fund Based	Short Term	4.15	IVR A3	IVR A3	IVR A3	IVR A3 / CWDI

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
GECL – 1	-	-	-	04/12/2027	4.98	IVR BBB-/Stable
GECL – 2	-	-	-	04/06/2025	1.78	IVR BBB-/Stable
TL – 1	-	-	-	09/12/2025	0.01	IVR BBB-/Stable
TL – 2	-	-	-	09/01/2027	0.43	IVR BBB-/Stable
TL – 3	-	-	-	09/02/2025	0.04	IVR BBB-/Stable
TL – 4	-	-	-	09/07/2025	0.08	IVR BBB-/Stable
TL – 5	-	-	-	10/02/2029	2.17	IVR BBB-/Stable
TL – 6	-	-	-	10/02/2029	2.21	IVR BBB-/Stable
EPC / PCFC	-	-	-	-	30.00	IVR A3
FBDN	-	-	-	-	23.00	IVR A3
SBL	-	-	-	-	9.00	IVR A3
LC	-	-	-	-	1.00	IVR A3
BG	-	-	-	-	0.15	IVR A3
CEL	-	-	-	-	3.00	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-clifton-export-feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

