



SMERA RATINGS LIMITED

Firozabad Ceramics Private Limited (FCPL)

*Rating
Rationale*

October 08, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan I	2.31	SMERA B/Stable (Assigned)
Term Loan II	3.14	SMERA B/Stable (Assigned)
Cash Credit	8.50	SMERA B/Stable (Assigned)
Letter of Credit	1.93	SMERA A4 (Assigned)
Bank Guarantee	0.46	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B' (read as SMERA B)** and a short-term rating of '**SMERA A4' (read as SMERA A four)** to the above mentioned bank facilities of Firozabad Ceramics Private Limited (FCPL). The outlook is '**Stable**'. The ratings are constrained by the company's below average financial risk profile marked by high gearing and moderate debt protection measures. The ratings are also constrained by the company's working capital intensive nature of business and the highly competitive and fragmented glass manufacturing industry. However, the ratings draw support from the modest scale of operations, experienced management and long track record of operations.

Outlook: Stable

SMERA believes FCPL will maintain a stable business risk profile in the medium term on account of its experienced management and long track record of operations. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and improves the capital structure by infusion of equity and better accruals. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or further deterioration in the company's financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations while maintaining stable profit margins
- Efficient working capital management

About the Company

FCPL, established in 1981 is a Delhi-based company engaged in the manufacture of glass ware, table ware, pet jars among others. The company's manufacturing facility is located at Firozabad, in close proximity to the glass industry at Uttar Pradesh. The overall operations are managed by the manager, Mr. Gaurav Jain.

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For FY2013–14, FCPL reported profit after tax (PAT) of Rs.1.53 crore on total operating income of Rs.27.65 crore, as compared with PAT of Rs.1.77 crore on total operating income of Rs.28.22 crore in FY2012–13.

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