

December 14, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>9.75</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Term Loans</b>	<b>8.81</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Letter of Credit</b>	<b>3.20</b>	<b>SMERA A4+ (Assigned)</b>

SMERA has assigned a long-term rating of '**SMERA BB**' (**read as SMERA double B**) and a short-term rating of '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.21.76 crore bank facilities of Mittal Ceramics. The outlook is '**Stable**'.

The ratings draw support from an experienced management, moderate financial risk profile backed by moderate gearing and coverage indicators. However, the ratings are constrained by customer concentration risk and weak liquidity profile (92% bank limit utilised for the period April 2015 to November 2015).

### **Outlook: Stable**

SMERA believes Mittal Ceramics will maintain its moderate business risk profile in the medium term owing to the established operations and extensive experience of the promoters. The outlook may be revised to 'Positive' in case of significant improvement in profitability and revenues. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile.

### **Rating Sensitivity Factors**

- Improvement in revenue and profitability
- Improvement in working capital requirement

### **About the Company**

Mittal Ceramics, incorporated by Mr. Raj Kumar Mittal in 2013 is a proprietorship firm that manufactures glass bottles for the alcohol industry. The firm manufactures around 90 tons of glass bottles per day.

Mr. Raj Kumar Mittal has long experience in the glass manufacturing industry through group concern Geeta Glass Works.

For FY2014-15, the company reported profit after tax (PAT) of Rs.2.23 crore on operating income of Rs.68.25 crore, as compared with PAT of Rs.0.13 crore on operating income of Rs.50.85 crore in FY2013-14. The net worth stood at Rs.18.58 crore as on March 31, 2015 against Rs.16.51 crore a year earlier. The total debt of Rs. 27.92 crore includes unsecured loans of Rs. 8.55 crore which are subordinated to bank debt as on march 31, 2015.

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