

January 12, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA BB/Stable (Assigned)
Term Loan	0.37	SMERA BB/Stable (Assigned)
Letter of Credit	2.00	SMERA A4+ (Assigned)
Long Term (Proposed)	0.13	SMERA BB/Stable (Assigned)

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.12.50 crore bank facilities of Geeta Glass Works (GGW). The outlook is '**Stable**'. The ratings draw support from an experienced management, healthy financial risk profile backed by low gearing and high coverage indicators. However, the ratings are constrained by customer concentration risk and weak liquidity profile (93% bank limit utilised for the period April 2015 to November 2015).

Outlook: Stable

SMERA believes GGW will maintain a stable business risk profile in the medium term owing to the established operations and extensive experience of the promoter. 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 deterioration in the financial risk profile.

Rating Sensitivity Factors

- Improvement in revenue and profitability
- Efficient working capital requirement

About the Firm

GGW was incorporated in 1971 as a proprietorship firm by Mr. Anurag Kumar Mittal to manufacture glass bangles. In 2010, the firm changed its line of business to manufacture glass bottles used in alcohol industry. The firm manufactures around 90 tons of bottles per day. Mr. Mittal has extensive experience in the glass manufacturing industry through the group concern, Mittal Ceramics.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.2.04 crore on operating income of Rs.53.40 crore, as compared with PAT of Rs.2.05 crore on operating income of Rs.55.31 crore in FY2013-14. The net worth stood at Rs.15.05 crore as on March 31, 2015 against Rs.13.22 crore a year earlier. The total debt of Rs.15.28 crore includes unsecured loans of Rs.4.81 crore which are subordinated to bank debt as on March 31, 2015.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



Geeta Glass Works (GGW)

Rating Rationale

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