



SMERA RATINGS LIMITED

Formoplastic Controls Private Limited (FCPL)

*Rating
Rationale*

May 19, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	1.85	SMERA BB/Stable (Assigned)
Bank Guarantee	4.00	SMERA A4+ (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.5.85 crore bank facilities of Formoplastic Controls Private Limited (FCPL). The outlook is '**Stable**'. The ratings derive comfort from the company's experienced management. The ratings are also supported by the company's strong financial risk profile. However, the ratings are constrained by the company's muted revenue growth. The ratings are also constrained by the company's exposure to intense competition in the electrical industry.

FCPL, established in 1971, is a Chennai-based company engaged in manufacturing of electric control panels. FCPL benefits from its experienced management. The directors of the company have around four decades of experience in the electrical industry. FCPL's strong financial risk profile is reflected in low gearing (debt-equity ratio) of 0.10 times as on March 31, 2014 and strong debt service coverage ratio (DSCR) of 5.36 times in FY2013-14.

FCPL has registered muted revenue growth of ~5.0 per cent (CAGR) during FY2010-11 to FY2013-14. The company faces intense competition from several players in the electrical industry.

Outlook: Stable

SMERA believes FCPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in profitability. Conversely, the outlook will be revised to 'Negative' in case of significant decline in the company's revenue and profit margins.

About the company

FCPL was established as a proprietorship concern in 1971. The firm was converted into a private limited company in 2003. FCPL undertakes manufacturing of electric control panels. The overall operations of the company are managed by Mr. Ganesh Prasad and Mrs. Suja Ganesh Prasad.

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For FY2013-14, FCPL reported profit after tax (PAT) of Rs.0.64 crore on operating income of Rs.32.86 crore, as compared with PAT of Rs.0.32 crore on operating income of Rs.27.36 crore in FY2012-13. The company's net worth stood at Rs.12.67 crore as on March 31, 2014, as compared with Rs.12.03 crore a year earlier.

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