

Press Release
LAKSHMI FLOAT GLASS LIMITED
February 18, 2025
Rating Reaffirmed and Withdrawn



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	71.50	ACUITE BBB- Negative Reaffirmed Stable to Negative	-
Bank Loan Ratings	12.15	Not Applicable Withdrawn	-
Bank Loan Ratings	17.50	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	89.00	-	-
Total Withdrawn Quantum (Rs. Cr)	12.15	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and short-term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) on the Rs.89.00 crore bank facilities of Lakshmi Float Glass Limited (LFGL). The outlook is revised from ‘**Stable**’ to ‘**Negative**’.

Further, Acuite has withdrawn its long-term rating on Rs 12.15 crore proposed bank facilities of Lakshmi Float Glass Limited (LFGL) without assigning any rating as it is a proposed facility. The rating withdrawal is in accordance with the Acuite’s policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company

Rationale for Rating Reaffirmation and change in outlook

The change in outlook is on account of the decline in revenues which are expected to moderate further amidst moderation in profitability. Further, the rating reaffirmation considers moderation in overall operating performance and the moderate financial risk profile of the company. However, the rating is constrained on account of working capital-intensive operations and presence in a highly fragmented and competitive nature of industry.

About the Company

LFGL, promoted by the Delhi-based Gupta family, was established as a partnership firm, Lakshmi Traders, in 1970, and was reconstituted as a private limited company in 1992, and later as a closely held public limited company. The company is engaged in trading of float glass. Its operations are managed by third generation entrepreneur, Mr. Amit Gupta, and his uncle Mr. Lakshmi Norain Agarwal.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profile of LFGL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management

LFGL was incorporated in 1970, and the company is currently managed by Ashok Kumar Gupta and Mr L.N. Aggarwal who have experience of over four decades in the glass and glassware industry. Extensive experience has enabled the company to forge healthy relationships with customers and suppliers. LFGL has wide customer base and is the sole distributor for Asahi India Glass Ltd (AIGL) in North India. Further, the experience of the top management and second level management, company has been able to expand its business pan India. Acuite

believes that LFGL will continue to benefit from its experienced management and established relationships with customers and suppliers.

Moderation in operating performance

LFGL's operating income marginally declined to Rs 323.96 crore in FY2024 as against Rs. 364.21 crore for FY2023. Further, the company has achieved operating income of Rs 221.00 crore till January 2025. Operating Profit Margin of the company stood at 4.28 percent in FY2024 as against 4.83 percent in FY2023. The net profit margin of the company declined and stood at 1.42 percent in FY2024 as against 2.52 percent in FY2023. Acuite, believes the operating performance of the company likely to moderate on account of constrained growth in revenues and profitability.

Weaknesses

Moderate Financial Risk Profile

The company has a moderate financial risk profile marked by moderate net worth, coverage indicators and low gearing. The Total Tangible net worth stood at Rs. 73.69 Cr as on 31st March 2024 as against Rs. 69.15 Cr as on 31st March 2023. Debt to Equity ratio improved and stood at 0.80 times in FY2024 as against 1.12 times in FY2023. Interest coverage ratio stood comfortable at 2.27 times for FY2024 as against 3.02 times in FY2023. Debt Service coverage ratio however deteriorated and stood at 0.67 times for FY2024 as against 1.28 times in FY2023, this is mainly on account of high levels of debt repayment in FY2024 as against net cash accruals. The coverage indicators are expected to improve in FY2025 with DSCR in the range of 1.36 times to 1.50 times. Debt-EBITDA stood at 4.57 times as on 31st March 2024 as against 3.95 times as on 31st March 2023. Acuite believes, the financial risk profile of the company is likely to remain moderate in the medium term owing to steady net cash accruals.

Working capital intensive operations

LFGL has working capital intensive operations as evident from gross current assets (GCA) of 170 days in FY2024 as compared to 157 days in FY2023. High Working capital requirement is on account of high inventory days and high debtor days. Inventory days stood at same level of 22 in FY2024 as well as FY2023. Debtor days stood at 60 days in FY2024 as against 59 days in FY2023. Fund based working capital limits are utilized at – 30.12 percent during the last six months ended January 25. Acuite believes, the operations of the company would remain working capital intensive on account of relatively high debtor and inventory days.

Highly fragmented and competitive nature of industry

The glass and glassware industry is highly fragmented with several organized and unorganized players, thereby impacting the company's profitability. Acuite believes that high fragmentation and competition is likely to impact the profitability in the medium term.

Rating Sensitivities

- Sustain improvement in revenues and profitability.
- Deterioration in the financial risk profile of the company.
- Working capital management.

Liquidity Position

Adequate

The Company has an adequate liquidity marked by net cash accruals to its maturing debt obligations, current ratio, cash and bank balance. Company generated cash accruals of Rs. 5.31 crore for FY2024 as against obligations of Rs.10.68 crore for the same period. LFGL expected to generate cash accruals in the range of Rs. 9.15 Cr to Rs.10.88 Cr. as against debt obligations of Rs. 5.67 Cr to Rs. 2.39 Cr. Current Ratio stood at 1.97 times as on 31 March 2024 as against 1.69 times in the previous year. Fund based working capital limits are utilized at – 30.12 percent during the last six months ended January 25 leaving additional cushion in working capital limits to meet contingencies. Cash and Bank Balances of company stood at Rs 0.03 crore in FY2024 as against Rs. 1.09 crore in FY2023.

Outlook: Negative

Other Factors affecting Rating

Not applicable

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	323.96	364.21
PAT	Rs. Cr.	4.61	9.16
PAT Margin	(%)	1.42	2.52
Total Debt/Tangible Net Worth	Times	0.80	1.12
PBDIT/Interest	Times	2.27	3.02

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Nov 2023	Letter of Credit	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	7.18	ACUITE BBB- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	7.52	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.88	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.79	ACUITE BBB- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.17	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	10.39	ACUITE BBB- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	2.94	ACUITE BBB- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.75	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	12.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.53	ACUITE BBB- Stable (Reaffirmed)
26 Aug 2022	Letter of Credit	Short Term	5.00	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	35.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	7.18	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	8.96	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.88	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.79	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	1.17	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	10.74	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	3.68	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	1.75	ACUITE BBB- Stable (Assigned)
	Secured Overdraft	Long Term	12.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.50	Simple	ACUITE A3 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.15	Simple	Not Applicable Withdrawn
Deutsche Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
Deutsche Bank	Not avl. / Not appl.	Term Loan	23 May 2018	Not avl. / Not appl.	05 Sep 2034	8.79	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
Standard Chartered Bank	Not avl. / Not appl.	Term Loan	23 May 2018	Not avl. / Not appl.	21 Apr 2031	2.30	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
Standard Chartered Bank	Not avl. / Not appl.	Term Loan	28 May 2018	Not avl. / Not appl.	26 Apr 2030	2.28	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
Standard Chartered Bank	Not avl. / Not appl.	Working Capital Term Loan	13 Mar 2021	Not avl. / Not appl.	18 Feb 2026	0.41	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	24 Dec 2020	Not avl. / Not appl.	06 Apr 2026	3.05	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
Deutsche Bank	Not avl. / Not appl.	Working Capital Term Loan	17 Mar 2021	Not avl. / Not appl.	05 Apr 2026	1.41	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative
Deutsche Bank	Not avl. / Not appl.	Working Capital Term Loan	20 Dec 2021	Not avl. / Not appl.	05 Apr 2028	1.26	Simple	ACUITE BBB- Negative Reaffirmed Stable to Negative

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