

**FOR IMMEDIATE RELEASE**

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**ICRA assigns LBB- and A4 ratings to bank facilities of Swellco Ceramic, assigns stable outlook for long term rating**

ICRA has assigned a rating of LBB- (pronounced as L double B minus) to the Rs. 3.0 crore<sup>1</sup> fund based facilities and Rs 5.85 Crore Term Loans of Swellco Ceramic<sup>†</sup>. The outlook on long term rating is stable. ICRA has also assigned an A4 (pronounced as A four) rating to the Rs. 0.60 crore non fund based facilities of Swellco Ceramic.

The ratings assigned factor in risks arising out of limited track record of the firm, lack of distribution network and small scale of operations relative to other players in the industry which results in limited economies of scale and bargaining power vis-à-vis customers or suppliers. The rating also factor in the intense competitive pressures in the ceramics industry, low brand awareness about Swellco and susceptibility to fluctuating raw material and gas prices which are likely to have a constraining impact on realizations and margins. The ratings however take comfort from the experience of the promoters of the firm, positive demand outlook of the industry and proximity to raw materials. Going forward the ability of the firm to stabilise production, setting up of distribution network, and establishment of the firm's brand will remain key rating drivers for the firm.

**Firm Profile**

Swellco Ceramics is a manufacturer of Ceramics Glazed Wall tiles and Ceramic Body Clay. The firm was established in June 2009. The plant is located in Morbi, Gujarat spread over 8 acres and has a capacity of 16500 MT of Wall Tiles and 75000MT of Body Clay. The firm started production in its wall tiles plant in August 2010. The firm currently manufactures wall tiles of size 12" X 24" and the same will be sold under the brand "Swellco".

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.