

February 05, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	3.00	SMERA BB/Stable (Assigned)
Term Loan I	2.65*	SMERA BB/Stable (Assigned)
Term Loan II	1.42	SMERA BB/Stable (Assigned)
Foreign Letter of Credit	1.40	SMERA A4+ (Assigned)
Bank Guarantee	0.08	SMERA A4+ (Assigned)

*Includes FLC as a sublimit to the extent of RS.1.65 Crore

SMERA has assigned long term rating of '**SMERA BB**' (SMERA double B) and short term rating of '**SMERA A4+**' (SMERA A four plus) to Rs. 8.55 crore bank facilities of Pradip Polyfils Private Limited (PPPL). The outlook is '**Stable**'. The ratings are supported by company's experienced promoters, established track record of operations and healthy financial risk profile. However the ratings are constrained by the company's moderate scale of operations coupled with declined revenue, working capital intensive nature of operations, geographical and customer concentration risk.

PPPL incorporated 1987, is a Gujarat based company engaged in manufacturing of Polypropylene Filter Plates used in filter press machines. PPPL benefits from its experienced management Mr Vijaya Kansara, chairman of PPPL has more than two decades of experience in manufacturing of Polypropylene Filter Plates. PPPL's healthy financial risk profile is reflected in debt to equity of 0.60 times as on 31st march 2014 and interest coverage ratio of 6.42 times in FY 2013-14 (refers to financial year April 01 to March 31).

PPPL's moderate scale of operations coupled with declined revenue is reflected in operating income of Rs. 26.00 crore in FY 2013-14 compared to Rs. 32.64 crore in FY 2012-13. PPPL's operations working capital intensive in nature on account of high inventory days. The company's gross current asset days have increased to 247 days in FY 2013-14 from 212 days in FY 2012-13. PPPL is exposed to high level of customer concentration risk as the company derives more 50 per cent of its total revenue from top two customers. PPPL is exposed to geographical concentration risk arising from high dependence on exports to USA which account for ~ 50 per cent of the company's total revenues. PPPL's credit risk profile is thus exposed to adverse change in geopolitical situations.

Outlook: Stable

SMERA believes that the company will maintain its stable business risk profile on account of management's extensive experience and operating efficiency. The outlook may be revised to positive in case of sustained increase in revenues while maintaining its working capital cycle. Conversely, the outlook may be revised to negative in case of significant decline in revenues or in case of increase in working capital cycle.

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About the Company

PPPL incorporated 1987, is a Gujarat based company promoted by Mr. Vijaya Kansara. PPPL is engaged in manufacturing of Polypropylene Filter Plates used in filter press machines with an installed capacity of 1350 Metric tonnes per annum.

For FY2013–14, PPPL reported net profit of Rs.2.48 crore on operating income of Rs.26.00 crore, as compared with net profit of Rs.4.89 crore on operating income of Rs.32.34 crore in FY2012–13. PPPL's net worth stood at Rs.14.10 crore as on March 31, 2014, as compared with Rs.12.01 crore a year earlier.

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