

March 30, 2015

Facilities	Amount (Rs. Crores)	Rating
Cash Credit *	3.00	SMERA BB-/Stable (Assigned)
Bank Guarantee ^	5.25	SMERA A4+ (Assigned)

*Includes sublimit of Bill Discounting to the extent of Rs. 1.00 Crore

^Includes sublimit of Letter of Credit to the extent of Rs. 2.00 Crore

SMERA has assigned ratings of '**SMERA BB-**' (read as **SMERA Double B minus**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.8.25 crore bank facilities of Filtration Engineers India Private Limited (FEIPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, reputed clientele and moderate capital structure. However the ratings are constrained by the company's small-scale operations coupled with uneven trend in revenue. The ratings note that the company's operations are working capital intensive in nature.

FEIPL, incorporated in 1994, is a Mumbai-based company, engaged in manufacturing of industrial filters and strainers. The company benefits from its experienced management. Mr. Sunil Agarwal, managing director of FEIPL has around three decades of experience in same line of business. FEIPL indirectly caters to reputed customers like Reliance, BHEL, L&T and Indian Oil Corporation. The company has moderate debt to equity ratio of 1.57 times as on March 31, 2014 which comprises of short term bank borrowings and unsecured loans from promoters and relatives.

FEIPL has small-scale operations marked by total operating income of Rs.11.74 crore in FY2013-14 (refer financial year April 01 to March 31). Further, operating income has declined by 22.75 per cent over FY2012-13 on account of lower offtake. The company has elongated working capital cycle of 179 days on account of increase in inventory days to 183 days in FY2013-14.

Outlook: Stable

SMERA believes that the outlook of FEIPL will remain stable over the medium term. The outlook will revised to positive in case of increase in scale of operations and effective management of working capital. On the contrary the outlook shall be revised to negative in case of decline in revenue growth and deterioration in financial risk profile.

Disclaimer: A 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.

About the company

FEIPL, incorporated in 1994, is a Mumbai-based company, engaged in manufacturing of industrial filters & strainers. Industrial filters and strainers finds its application in refineries, petrochemical plants, fertilizer industry, synthetic fibre plants, chemical industries, steel plants, power plants (thermal, hydro & nuclear) and other engineering industries. The company is promoted by Mr. Sunil Agarwal.

For FY2013-14, FEIPL reported PAT of Rs. 0.43 crores on operating income of Rs. 11.74 crores as compared with PAT of Rs. 0.57 crores on operating income of Rs. 16.25 crores for FY2012-13. The company's networth stands at Rs. 3.69 crores as on March 31, 2014 as compared with Rs. 3.59 crores a year earlier.

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