

September 21, 2015

Facility	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>0.80*</b>	<b>SMERA BB-/Stable (Assigned)</b>
<b>FBP/FBN</b>	<b>0.60</b>	<b>SMERA A4+ (Assigned)</b>
<b>Letter of Credit</b>	<b>4.00</b>	<b>SMERA A4+ (Assigned)</b>
<b>Bank Guarantee</b>	<b>0.02</b>	<b>SMERA A4+ (Assigned)</b>
<b>Proposed Bank Loan Facility</b>	<b>1.58</b>	<b>SMERA A4+ (Assigned)</b>

\*Includes packing credit as sublimit up to Rs. 0.40 crore

SMERA has assigned a long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and a short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.7.00 crore bank facilities of Patel Veneers Private Limited (PVPL). The outlook is '**Stable**'. The ratings derive comfort from the company's established operational track record, extensive experience of the promoters and diversified customer base. The ratings are also supported by the company's moderate debt protection metrics. However, the ratings are constrained by PVPL's small scale of operations, working capital intensive nature of business and the competitive nature of the wood industry.

### Outlook: Stable

SMERA believes the outlook on PVPL will remain 'Stable' over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case of further improvement in the company's scale of operations, while maintaining profitability and efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in PVPL's financial profile.

### Rating Sensitivity Factors

- Scaling of revenue while maintaining profit margins
- Efficient working capital management

### About the Company

PVPL, incorporated in 1977 is a Cochin-based company promoted by Mr. Kantilal Patel and family. The company is engaged in the trading of hardwood timber and manufacturing of rosewood veneers. PVPL has its manufacturing unit in Kalamassery, Kerala and a trading division at Hubli, Karnataka.

For FY2013-14, the company reported profit after tax (PAT) of Rs.0.49 crore on operating income of Rs.18.10 crore as compared with PAT of Rs.0.63 crore on operating income of Rs. 19.53 crore for FY2012-13.

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**Contact List:**

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Cell: +91 9820808479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-66201203 Email: <a href="mailto:pooja.ghosh@smera.in">pooja.ghosh@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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