



SMERA RATINGS LIMITED

Patel Filters Infrastructure (PFI)

**Rating
Rationale****March 31, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.50	SMERA B-/Stable (Suspension Revoked, Rating Assigned)
Bank Guarantee	5.00	SMERA A4 (Suspension Revoked, Rating Assigned)

SMERA has revoked the suspension of the ratings on the bank facilities of Patel Filters Infrastructure (PFI) and assigned ratings of '**SMERA B-' (read as SMERA B minus)** on the Rs.1.50 crore fund-based bank facility and '**SMERA A4' (read as SMERA A four)** on the Rs.5.00 crore non fund-based bank facility. The outlook is '**Stable**'. SMERA had, on March 16, 2016 suspended the rating in the absence of requisite information from PFI. The firm has now shared the required information, enabling SMERA to assign a rating.

The ratings are constrained by the firm's small scale of operations, weak liquidity position, debtor's risk and customer concentration risk. The ratings are further constrained by the tender-based business and susceptibility to raw material price volatility. However, the ratings are supported by the experienced management, moderate order book position and comfortable financial risk profile.

Rating Sensitivity Factors

- Sustained improvement in revenue and profit margins
- Prudent working capital management
- Improvement in liquidity position
- Diversification of customer base

Outlook: Stable

SMERA believes that the PFI will continue to benefit over the medium term from its Promoter's experience. The outlook may be revised to 'Positive' if there is a sustained improvement in the firm's profitability margins and revenue or improvement in working capital management and liquidity position. Conversely, the outlook may be revised to 'Negative' if there is a steep decline in the firm's profitability margins or further delays in realization from customers or if there is significant deterioration in its capital structure on account of working capital borrowings.

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.



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Patel Filters Infrastructure (PFI)

*Rating
Rationale*

About the Firm

PFI, a Gujarat-based partnership firm was established on July 18, 2006 by Mr. Rameshbhai S. Patel, Mr. Akshay R. Patel, Ms. Bhaktiben R. Patel and others. The firm undertakes contracts for construction, erection, installation and commissioning of waste treatment plants.

For 2014-15, PFI reported net profit after tax (PAT) of Rs.0.90 crore on operating income of Rs.18.16 crore as against PAT of Rs.0.48 crore on operating income of Rs.10.75 crore. The tangible net worth stood at Rs.4.22 crore as against Rs.3.03 crore in the previous year.

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