

JUNE 16, 2015

CARE ASSIGNS 'CARE BBB-' AND 'CARE A3' RATINGS TO THE BANK FACILITIES OF FLASH FORGE PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	20	CARE BBB- (Triple B Minus)	Assigned
Short-term Bank Facilities	64	CARE A3 (A Three)	Assigned
Total Facilities	84		

Rating Rationale

The ratings assigned to the bank facilities of Flash Forge Private Limited (FFPL) derive strength from the experience of the promoters in the forging industry, portfolio of established clientele particularly in the defence segment, healthy profitability margins, moderate capital structure and established quality standards and certifications. The ratings, however, are constrained by uneven flow of orders resulting in low revenue visibility, absence of any long-term contracts, high working capital requirements, volatility in the raw material prices and moderate scale of operations. The ability of the company to scale up operations, efficiently manage working capital requirements, maintain healthy capital structure and profitability margins are the key rating sensitivities.

Background

Incorporated in 1991, FFPL is a provider of niche, specialized technology, processes and critical systems for metals, composites and engineering services, catering to sectors such as oil and gas, aerospace, power, marine and defence. The company was promoted by Mr Gautam Makker and Mr Sunil Menon in 1991. The company has four manufacturing units, with three units in Visakhapatnam and one unit in Mumbai. The company also has manufacturing facilities overseas through subsidiary and joint ventures. The company has two subsidiaries, Optimal Armour Limited (OAL) where FFPL holds a stake of 65.7% as on March 31, 2015 and Composites Resin Developments Ltd., U.K where FFPL holds a stake of 51% as on March 31, 2015. FFPL also has a joint venture (JV), namely FF- Tecron, with a manufacturer of speciality piping products in China and FFPL holds 50% stake in the JV. During FY15 (unaudited), FFPL reported profit after tax of Rs.8.83 crore on a total operating income of Rs.141.02 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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