

APRIL 13, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF PARAS FLOWFORM ENGINEERING LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank facilities	0.78	CARE BB- (Double 'B' Minus)	Reaffirmed
Long/Short Term Bank Facilities	13.00	CARE BB-/CARE A4 (Double 'B' Minus/ A Four)	Reaffirmed
Short Term Bank Facilities	7.00	CARE A4 (A Four)	Reaffirmed

Rating Rationale

The ratings of Paras Flowform Engineering Limited (PFEL) continue to be constrained by modest scale of manufacturing operations, exposure to volatility of raw material prices, weak financial profile with high leverage and high working capital intensity of business.

However, the rating continues to consider the experience of the promoter in trading business and financial support provided with regular equity infusion. Ability to improve the capital structure, scale-up the operations and improve operating margins remains the key rating sensitivities.

Background

Promoted by Mr. Sharad Shah, Paras Flowform Engineering Limited (PFEL) was incorporated on June 16, 2009 and is majorly in trading of copper, copper alloys and printed circuit boards (PCB). The company is also in manufacturing components for the domestic defence and aeronautical sectors like precision tubes/chambers, using an engineering process of flow forming. The manufacturing unit of the company is located at Ambarnath, Thane. The manufacturing operations contributed around 14% of total income during FY14.

During FY14, (refers to the period April 1 to March 31), PFEL achieved total operating income of Rs. 114.66 crore (PY Rs. 131.28 crore) and posted a net profit of Rs. 0.51 crore (PY Rs. 0.74 crore).

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

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¹Complete 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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