

**May 17, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	33.00	SMERA BB/Stable (Assigned)
Term Loan	13.50	SMERA BB/Stable (Assigned)
Letter of Credit	22.00	SMERA A4+ (Assigned)

SMERA has assigned rating of **SMERA BB (read as SMERA double B)** to the Rs.46.50 crore long term (fund based) bank facility and **SMERA A4+ (read as SMERA A four plus)** to the Rs.22.00 crore short term (non-fund based) bank facility of Paras Bhavani Steel Private Limited (Paras Bhavani). The outlook is 'Stable'. The ratings are supported by the company's long-standing presence in the steel industry and established market position. The ratings take into account the moderate financial risk profile marked by moderate profitability and coverage indicators. However, the aforementioned rating strengths are partially offset by the company's exposure to raw material fluctuation risk, sluggish industry demand and the competitive steel industry.

### Outlook: Stable

SMERA believes that Paras Bhavani will continue to benefit over the medium term from its established presence in the steel industry and extensive experience of the promoters. The outlook may be revised to Positive if the company registers sustained growth in revenues while improving margins. Conversely, the outlook may be revised to Negative in case of deterioration in the profit margins.

### Rating Sensitivity Factors

- Working capital management
- Scaling up of operations

### About the Company

Incorporated in 2004, Paras Bhavani was promoted by Mr. Paras Mal Bohra and family. The company is engaged in the manufacture of steel pipes, hollow sections, tubes among others. The manufacturing facility is located at Ahmedabad.

For FY201415, the company reported profit after tax (PAT) of Rs.2.87 crore on operating income of Rs.146.20 crore, as compared with profit after tax (PAT) of Rs.1.00 crore on operating income of Rs.114.10 crore in FY201314. The net worth of the company stood at Rs.38.52 crore as on March 31, 2015 against Rs.34.80 crore a year earlier.



## Paras Bhavani Steel Private Limited (Paras Bhavani)

*Rating  
Rationale*

### Contact List:

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