



## P A Footwear Private Limited

Instrument	Amount (Rs. Crore)	Rating Action
Term loan facilities	0.43	[ICRA]BBB (Stable) / assigned
Fund based limits	19.00	[ICRA]A3+ / assigned
Non-fund based facilities	10.47	[ICRA]A3+ / assigned

ICRA has assigned a long-term rating of [ICRA]BBB (pronounced ICRA triple B) to the Rs.0.43 crore<sup>1</sup> term loan facilities of P A Footwear Private Limited<sup>†</sup> ("PAFPL" / "the Company"). The outlook on the long term rating is stable. ICRA has also assigned a short-term rating of [ICRA]A3+ (pronounced ICRA A three plus) to the Rs. 19.00 crore fund based facilities and Rs. 10.47 crore non-fund based facilities of the Company.

The assigned ratings consider the significant experience of the promoters in the leather industry, the company's strong presence in the relatively stable children's footwear segment supported by established, reputed clientele base across the world, especially in the European market. The ratings also consider the integrated nature of operations with facilities spanning the entire footwear value chain and healthy financial profile of the Company characterised by healthy margins and comfortable debt coverage metrics. The ratings are however constrained by the moderate scale of operations which restricts scale of economies, low capital utilisation, high client concentration with significant exposure to the European market, and moderately high working capital intensity on the back of high inventory days. Going forward, improvement in capacity utilisation and diversification of client base will be crucial in improving the scale and overall credit profile of the company.

### Company Profile

P A Footwear Private Limited ("PAFPL"/"The Company") promoted by Mr. S. V. Kumaraguruparasamy, was incorporated in the year 1986, with the establishment of manufacturing facility for the production of shoe uppers in Gummidipoondi and later in 1995 commenced its tannery division at Ranipet. The full shoe division of the Company was established in the year 2002 near Red Hills, Chennai. The shoe upper division and full shoes division has installed capacity to produce 5,000 pairs and 4,000 pairs per day respectively. The tannery division has an installed capacity to process 5.4 million square feet of wet blue per annum, which caters to entire finished leather requirement of PAFPL. The Company exports its products to UK, Spain, Italy, France, etc. The Company is closely held by the promoter and the family members.

### Recent Results

The Company reported net profit stood at Rs. 7.4 crore on an operating income of Rs. 94.1 crore in 2011-12, as against net profit of Rs. 4.1 crore reported on an operating income of Rs. 73.2 crore for 2010-11. According to un-audited figures, the Company's operating income stood at Rs. 52.0 crore with a net profit of Rs. 4.0 crore for H1 2013.

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<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup>For complete rating scale and definitions please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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