

Press Release

Park Controls and Communication Private Limited (PCCPL)

01 February, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs.19.80 Cr
Long Term Rating	SMERA BB-/Stable (Reaffirmed)
Short Term Rating	SMERA A4+ (Reaffirmed)

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.19.80 crore bank facilities of Park Controls and Communication Private Limited (PCCPL). The outlook continues to remain '**Stable**'.

PCCPL deals with data acquisition solutions and applications for defence and aerospace industries. The promoter, Mr. M.P. Sastri and Mr. PJB Noble have around two decades of experience in the engineering industry.

List of key rating drivers and their detailed description:

Strengths:

Experienced management and long track record of operations: PCCPL was incorporated in 1989. The company is headed by Mr. M.P. Sastri and Mr. PJB Noble, promoters who possess collective experience of over two decades in catering to the defence and aerospace domains providing end-to-end data acquisition solutions for airborne and ground based applications.

Reputed clientele: The company has healthy relations with customers and suppliers. PCCPL supplies goods to Indian Space and Research Organization (ISRO), DRDO, Electronics Corporation of India Limited (ECIL), Hindustan Aeronautics Limited (HAL), Electronics & Radar Development Establishment (ERDE) and Aircraft & Systems Testing Establishment (ASTE) to name a few.

Weaknesses:

Moderate financial risk profile: The moderate financial risk profile is marked by moderate interest coverage of 1.49 times in FY2016 as against 1.40 times in the previous year. The gearing ratio stands moderate at 0.83 times in FY2016 and 1.20 times in FY2015. The net profitability margin has decreased and stood comfortable at 2.63 per cent in FY2016 as compared to 3.00 percent in FY2015. The company has stretched working capital cycle marked by high GCA days of 364 in FY2016 as compared to 827 days in FY2015. SMERA also notes the small scale of operations marked by operating revenue of Rs.21.17 crore in FY2016 as compared to Rs.14.32 crore in FY2015.

Tender driven business: Since the nature of business is largely tender-based the revenue is susceptible to the winner of tenders floated by government organisations. However, the promoter's experience and relationship with clientele, partially mitigates this risk.

Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes that the company will maintain a stable outlook owing to its experienced management, long track record of operations and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

About the Company

PCCPL was incorporated in 1989 by Mr. M.P Sastri and Mr. PJB Noble. The company caters to the defense, and aerospace domains providing end-to-end data solutions.

For FY2015-16, the company reported profit after tax (PAT) of Rs.0.56 crore on operating income of Rs.21.17 crore, as compared to PAT of Rs.0.43 crore on operating income of Rs.14.32 crore in FY2014-15. The net worth stood at Rs.9.03 crore as on 31 March, 2016 against Rs.8.07 crore a year earlier.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of the company.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	7.20	SMERA BB-/Stable (Reaffirmed)	-	-	13 Aug, 2015	SMERA BB-/Stable (Assigned)	-	-
Bank Guarantee	ST	9.50	SMERA A4+ (Reaffirmed)	-	-	13 Aug, 2015	SMERA A4+ (Assigned)	-	-
Letter of Credit	ST	3.10	SMERA A4+ (Reaffirmed)	-	-	13 Aug, 2015	SMERA A4+ (Assigned)	-	-

***Annexure - Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	N.A	N.A	N.A	7.20	SMERA BB-/Stable (Reaffirmed)
Bank Guarantee	N.A	N.A	N.A	9.50	SMERA A4+ (Reaffirmed)
Letter of Credit	N.A	N.A	N.A	3.10	SMERA A4+ (Reaffirmed)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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