October 20, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA B+/Stable (Assigned)
Bank Guarantee	7.50	SMERA A4 (Assigned)
Letter of Credit	7.50	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of **'SMERA B+' (read as SMERA B plus)** and a short-term rating of **'SMERA A4' (read as SMERA A four)** to the Rs.25.00 crore bank facilities of Parkash & Company. The outlook is **'Stable'**.

To arrive at the ratings, SMERA has combined the business and financial risk profiles of Parkash & Company and Surya & Company, together referred to as the 'Parkash Group'. The consolidation is in view of the common business models of the entities.

The ratings are constrained by the working capital intensive nature of business and intense competition prevalent in the civil construction business. The ratings also note the Parkash Group tender based business. However, the ratings are supported by the Parkash Group established operations, experienced management, moderate financial risk profile and healthy order book.

Outlook: Stable

SMERA believes the Parkash Group will maintain a stable business risk profile over the medium term. The Parkash Group will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the Parkash Group registers healthy growth in revenues and profits while maintaining debt protection metrics. The outlook may be revised to 'Negative' in case of deterioration in the Parkash Group financial risk profile or stretch in the Parkash Group working capital cycle.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Working capital management

About the Group

Parkash Group, incorporated in 1990, is a Delhi-based civil construction Parkash Group headed by Mr. Dharam Parkash Tanwar, Promoter who has around three decades of experience in the civil construction business.

For FY2014–15, Parkash Group reported profit after tax (PAT) of Rs.1.41 crore on operating income of Rs.58.69 crore, as compared with profit after tax (PAT) of Rs.0.52 crore on operating income of Rs.59.25 crore in FY2013–14. The Parkash Group net worth stood at Rs.9.04 crore (including unsecured loan of Rs.7.59 crore) as on March 31, 2015 against Rs.13.85 crore at a year earlier.

About the Firm

Parkash & Company, incorporated in 1990, is a Delhi-based civil construction firm headed by Mr. Dharam Parkash Tanwar, Promoter who has around three decades of experience in the civil construction business.

For FY2014–15, Firm's reported profit after tax (PAT) of Rs.0.94 crore on operating income of Rs.45.56 crore, as compared with profit after tax (PAT) of Rs. 0.25 crore on operating income of Rs. 35.25 crore in FY2013–14. The firm's net worth stood at Rs. 8.43 crore (including unsecured loan of Rs. 7.08 crore) as on March 31, 2015 against Rs.6.65 crore at a year earlier.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in Web: www.smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-011-4973 1312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in