



SMERA RATINGS LIMITED

C. Parkashan & Co. (CPC)

Rating Rationale

April 17, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA BB/Stable (Assigned)
Bank Guarantee	9.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) to the Rs.5.00 crore long-term (fund based) bank facility and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.9.00 crore short-term (non-fund based) bank facility of C. Parkashan & Co. (CPC). The outlook is '**Stable**'. The ratings are supported by the firm's established track record of operations, comfortable net profit margin and strong debt protection metrics. The ratings also draw comfort from the firm's experienced management. However, the ratings are constrained by the firm's small-scale operations in an intensely competitive segment of the infrastructure industry.

CPC, established in 1974, is a New Delhi-based partnership firm engaged in providing civil construction services. CPC also undertakes engineering, procurement and construction (EPC) projects. The firm reported comfortable net profit margin of 5.68 per cent in FY2013-14 (refers to financial year, April 01 to March 31). CPC has strong debt protection metrics with low leverage of 0.47 times as on March 31, 2014 and healthy interest coverage ratio of 4.40 times in FY2012-13.

CPC benefits from its experienced management. Mr. Chand Parkash Goel, partner of CPC, has a graduate degree in business management with around three decades of experience in the firm's line of business.

CPC has small-scale operations marked by revenues of Rs.31.01 crore in FY2013-14. The firm operates in an intensely competitive segment of the infrastructure industry.

Outlook: Stable

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

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About the firm

CPC, established in 1974, is a New Delhi-based partnership firm promoted by Mr. Chand Parkash Goel. CPC provides civil construction services. The firm also undertakes EPC projects.

For FY2013-14, CPC reported profit after tax (PAT) of Rs.1.76 crore on operating income of Rs.31.01 crore, as compared with PAT of Rs.1.19 crore on operating income of Rs.15.69 crore in FY2012-13. The firm reported revenue of Rs.23.07 crore (provisional) for the period April 2014 to March 2015. CPC's net worth stood at Rs.10.39 crore as on March 31, 2014, as compared with Rs.9.54 crore a year earlier.

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