

Press Release

Parasnath Enterprises (PE)

08 February, 2017

Rating Update

Total Bank Facilities Rated	Rs.10.32 Cr#
Long Term Rating (Indicative)	SMERA BB Issuer not co-operating*
Short Term Rating (Indicative)	SMERA A4+ Issuer not co-operating*

Refer Annexure for details of instrument.

*The issuer did not co-operate; based on best available information.

Rating Action

SMERA has reviewed the long term rating of '**SMERA BB**' (read as **SMERA double B**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.10.32 crore bank facilities of Parasnath Enterprises (PE). The ratings are now indicative ratings and are based on best available information.

To arrive at the ratings, SMERA has combined the business and financial risk profiles of PE and Adinath Industries, together referred to as the 'AIPE Group'. The consolidation is in view of the common customer base, common management and common business model of the entities

Non-cooperation by the issuer/borrower SMERA has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating since November 2016. SMERA has also requested for the payment of outstanding surveillance fee.

Information Status	Partial Information Received
Status of Surveillance Fee	Not Received

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and SMERA's policies.

Applicable Criteria

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

Limitation regarding information availability: The rating is based on the partial information furnished by the rated entity till December 2016. Due to partial-submission of information, SMERA therefore records its caution to the lenders/investors/public regarding the outdated data/non-reliability of data, on which the indicative credit rating is based.

Analytical Approach: To arrive at the ratings, SMERA has consolidated the business and financial risk profiles of Adinath Industries and PE, together referred to as the 'AIPE Group'. The consolidation is in view of the common customer base, common management and common business model of the entities.

About the Rated Entity

Parasnath Enterprises, established in 1997, is a Delhi-based partnership firm. Mr. Ashok Kumar Jain, the key partner, has around three decades of experience in the rubber and plastic business. The firm is engaged into manufacturing of rubber component for automobile industry.

About the Group

Delhi based, AIPE group was established in the year 1997, is engaged in the business of manufacturing of plastic and rubber components for Railways and Oil companies.

In FY2015-16 the AIPE group has achieved the operating income of Rs.43.68 crore with a net loss of Rs.0.68 crore as against an operating income of Rs. 41.58 crore with Profit after Tax (PAT) of Rs. 0.49 crore a year earlier. The Net worth of the group stands at Rs.15.85 crore as on 31 March 2016 vis-a-vis Rs.13.55 crore as on 31 March, 2015. The Net worth of Rs.15.85 crore as on 31 March, 2016 includes quasi equity of Rs. 10.53 crore.

Rating History for the last three years:

Name of Instrument /Facilities	FY 2017			FY 2016		FY 2015		FY 2014	
	Scale	Amount (Rs. Crore)	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	1.32	SMERA BB (indicative) Issuer not co-operating*	27 Oct 2015	SMERA BB/Stable (Assigned)	N.A	N.A	N.A	N.A
Cash Credit**	LT	3.00 (reduced from Rs.3.50 crore)	SMERA BB (indicative) Issuer not co-operating*	27 Oct 2015	SMERA BB/Stable (Assigned)	N.A	N.A	N.A	N.A
Bank Guarantee	ST	1.45 (reduced from Rs.3.50 crore)	SMERA A4+ (indicative) Issuer not co-operating*	27 Oct 2015	SMERA A4+ (Assigned)	N.A	N.A	N.A	N.A
Letter of Credit	ST	2.00	SMERA A4+ (Withdrawn) (indicative) Issuer not co-operating*	27 Oct 2015	SMERA A4+ (Assigned)	N.A	N.A	N.A	N.A
Proposed Long Term	LT	2.55	SMERA BB (indicative) Issuer not co-operating*	N.A	N.A	N.A	N.A	N.A	N.A

**Cash Credit has a sublimit of Letter of Credit of Rs.1.00 crore

Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings
Term Loan	N.A	N.A	Not Available	1.32	SMERA BB (indicative) Issuer not co-operating*
Cash Credit**	N.A	N.A	N.A	3.00 (reduced from Rs.3.50 crore)	SMERA BB (indicative) Issuer not co-operating*
Letter of Credit	N.A	N.A	N.A	1.45 (reduced from Rs.3.50 crore)	SMERA A4+ (indicative) Issuer not co-operating*
Bank Guarantee	N.A	N.A	N.A	2.00	SMERA A4+ (withdrawn) (indicative) Issuer not co-operating*
Proposed Long Term	N.A	N.A	N.A	2.55	SMERA BB (indicative) Issuer not co-operating*

*The issuer did not co-operate; based on best available information.

**Cash Credit has a sublimit of Letter of Credit of Rs.1.00 crore

Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head – Operations, SMERA Bond Ratings Tel: 022-67141190 Email: vinayak.nayak@smera.in Shashank Shukla, Rating Analyst, Tel: 011-4973 1302 Email: shashank.shukla@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.