

June 1, 2010

**CARE ASSIGNS 'A+' RATINGS TO NCD ISSUE AND REAFFIRMS THE RATING  
ASSIGNED TO ENHANCED BANK FACILITIES OF  
ERA INFRA ENGINEERING LTD.**

CARE has assigned a '**CARE A+**' [**Single A Plus**] rating to the proposed Non-Convertible Debentures (NCDs) aggregating Rs.100 cr of Era Infra Engineering Ltd. (EIEL). Instruments with this rating are considered to offer adequate safety for timely servicing of debt obligations. Such instruments carry low credit risk.

CARE has assigned a '**CARE A+**' [**Single A Plus**] rating to the enhanced long-term bank facilities aggregating Rs.100 cr of EIEL. Facilities with this rating are considered to offer adequate safety for timely servicing of debt obligations. Such facilities carry low credit risk.

CARE has assigned a '**PR2+**' [**PR Two Plus**] rating to the enhanced short-term bank facilities aggregating Rs.50 cr of EIEL. Facilities with this rating would have adequate capacity for timely payment of short-term debt obligations and carry higher credit risk as compared to facilities rated higher.

CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

<b>Facility/Instrument</b>	<b>Amount (Rs. crore)</b>	<b>Rating</b>
Proposed NCDs	100.00	' <b>CARE A+</b> '
Long Term Bank Facilities	100.00	' <b>CARE A+</b> '
Short Term Bank Facilities	50.00	' <b>PR2+</b> '
<b>Total</b>	<b>250.00</b>	

### **Rating Rationale**

The ratings continue to take into account EIEL's experience in diversified construction activities, track record, increasing order book position, infusion of equity, healthy profit margins and reputed clientele. However, the ratings are constrained by increasing working capital and capital expenditure requirements given the aggressive growth plan, increasing investment requirement for Build, Operate & Transfer (BOT) projects, vulnerability to increasing competitive pressures and inherent cyclical trends associated with the construction sector.

Going forward, given the aggressive growth in operations, improving capital structure of the company and managing its working capital requirements effectively are the key rating sensitivities.

### **Company Profile**

EIEL, the flagship company of the Era Group, was incorporated in September 1990. It was promoted by Mr. H.S Bharana, a civil engineer by profession, having more than two decades of experience in the construction industry. The company is engaged in construction activities of infrastructure, institutional, industrial, commercial and housing sectors.

EIEL has set up three new divisions during FY08 as profit centres viz, EPC & International Division, Ready-Mix Concrete Division and Equipment Management Division.

On a total income of Rs.2371 cr EIEL earned a PAT of Rs.188 cr in FY09.

**Analyst Contact**

Name: Jyotsna Gadgil

Tel: 011-23716199

Mobile: 9811552926

Email: [jyotsna.gadgil@careratings.com](mailto:jyotsna.gadgil@careratings.com)

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b>  Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>