

July 16, 2010

CARE ASSIGNS 'CARE BB+' AND 'PR4' RATING TO THE BANK FACILITIES OF H. P. MADHUKAR

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	4.80	CARE BB+ (Double B Plus)	Assigned
Short-term Bank Facilities	12.55	PR4	Assigned
Total Facilities	17.35		

Rating Rationale

The above ratings are constrained by H. P.Madhukar (HPM)'s small size of operations, constitution of the entity being proprietorship, regional concentration risk, lack of diversification in projects, tight liquidity position and moderate profitability margins which declined in FY09 due to intense competition. However, the ratings draw strength from the long-standing presence of the firm in the industry.

Going forward, HPM's ability to ensure timely execution of the existing projects, scale up the order book position by entering new regions, improve margins, ability to singly execute large-size projects will be the key rating sensitivities.

Brief Profile

H. P.Madhukar (HPM) is a proprietorship concern incorporated in the year 1986 by Mr. H P Madhukar. HPM is a small-sized civil construction firm started as a Class III contractor and upgraded to Class I contractor in 1990. The day-to-day operations of the firm are managed by Mr. Madhukar, who is a civil engineer and has more than two decades of experience in the construction industry. Over the past three years, HPM is mainly concentrated in executing road projects due to increased thrust for road infrastructure by the Government. As on May 20, 2010, HPM had a moderate outstanding order book position of Rs.39 cr to be executed in the next two years.

HPM achieved PAT of Rs.1.8 cr against total income of Rs.39.4 cr in FY09. HPM achieved PBDIT and PAT of Rs.2.8 cr and Rs.0.7 cr against net income of Rs.22.6 cr during 9MFY10.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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¹Complete definition of the ratings assigned are available at www.careratings.com

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