

June 23, 2010

CARE REVISES RATINGS ASSIGNED TO THE BANK FACILITIES OF JAIHIND PROJECTS LTD.

Ratings Assigned

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	621.63	'CARE BBB+' (Triple B Plus)	Revised from 'CARE BBB' [Triple B]
Short-term Bank Facilities	341.20	'PR3+' (PR Three Plus)	Revised from 'PR3' [PR Three]
Total Facilities	962.83		

Rating Rationale

The revision in ratings takes into account increase in scale of operations as indicated by increase in revenue, order book and ticket size of projects along with diversification in client base. The ratings continue to take into account JPL's long and established track record in pipeline laying industry, its modest financial risk profile and stable industry outlook. The ratings, however, continue to be constrained by its relatively small size, working capital intensive nature of operations and risk associated with fluctuation in raw material prices.

The ability of the company to successfully execute projects on a standalone basis and in joint venture in India and abroad, strengthen its order book position and maintain its profitability in a highly competitive industry shall be key rating sensitivities.

Company Profile

Jaihind Projects Ltd (JPL) is mainly engaged in the business of laying and construction of pipeline projects in oil & gas (87% of total income for FY09), water supply & sewage and other misc. carriers (13%). As on Mar.15, 2010, JPL had order backlog of Rs.753 crore and was in L1 position for orders worth Rs.186 crore. The present order book is from clients which are mostly government bodies and private sector companies.

On a consolidated basis JPL registered total income of Rs.323 crore in FY09 with PAT of Rs.13.35 crore as compared to a total income of Rs.144 crore in FY08 with PAT of Rs.6.46 crore. During 9MFY10, JPL registered total income of Rs.253 crore with PAT of Rs.18.37 crore.

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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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

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