
October 25, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF
KETAN CONSTRUCTION LTD. (FOR ENHANCED AMOUNT)**

Ratings

Facilities	Amount	Ratings¹	Remarks
Long-term Bank Facilities	Rs. 48.00 crore (enhanced from Rs. 23.00 crore)	'CARE BBB' (Triple B)	Reaffirmed
Long-term / Short-term Bank Facilities	Rs. 255.00 crore (enhanced from Rs.140.00 crore)	'CARE BBB'(Triple B) / 'PR3' (PR Three)	Reaffirmed
Total Facilities	303.00		

Rating Rationale

The ratings continue to take into account established track record of Ketan Construction Ltd. (KCL) in the construction sector and good order book position with sector & geographical diversity.

Ratings continue to be constrained by delay in execution of some of its projects resulting in moderate financial risk profile and fragmented nature of the construction industry with many players competing for infrastructure projects. Ratings also consider deterioration in the margins and increase in working capital requirement during FY10.

Improvement in efficiency and coverage ratios with timely execution of orders especially in the power transmission projects that the company has ventured into recently (May 2009) as well as the irrigation projects in Andhra Pradesh would be the key rating sensitivity. Maintaining financial flexibility and managing working capital would also be crucial, going forward.

Company Profile

Incorporated in 1999, KCL is a closely held public limited company. The promoters Mr. Vijay Barad (MD) and Mr. Ramesh Barad (Joint Managing Director) have wide experience in the construction industry. The Board of Directors is also supported by a team of experienced professionals.

KCL operates in four distinct construction sector segments viz. irrigation, power transmission, mining and roads.

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

During FY10, KCL reported PAT of Rs.2.67 crore on total income of Rs.209.52 crore against PAT of Rs.6.38 crore on total income of Rs.163.55 crore in FY09.

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CARE has 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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