

September 8, 2010

**CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF  
KIRBY BUILDING SYSTEM INDIA LTD.**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	Rs.79.69 cr (reduced from Rs.98.39 cr)	<b>'CARE BBB+' (Triple B Plus)</b>	Revised from CARE A [Single A]
Short-term Bank Facilities	Rs.388.10 cr (reduced from Rs.481.00 cr)	<b>'PR2' (PR Two)</b>	Revised from CARE PR1 [PR One]
<b>Total Facilities</b>	<b>Rs.467.79 cr</b>		

**Rating Rationale**

The revision in ratings factors in the drop in income from operations and net losses reported in FY09 (financial year ending December 31, 2009) primarily on the back of the subdued global economic scenario, substantial increase in gearing levels and shrinking profitability on account of increasing competition.

The ratings continues to factor in Kirby's strong parent group support, experience of the promoters in the Pre-engineered Buildings (PEBs) industry and presence of a professional management team, strong brand image and good market position, wide distribution network across the country as well as across the globe (via group companies), reputed client base and comfortable order book position. The rating also factors in the volatility associated with raw material prices and limited though growing market for PEBs in the country.

The company's ability to improve its financial risk profile under the highly competitive environment and to manage inventory to improve profitability are the key rating sensitivities.

**Company Profile**

The Kirby Building Systems India Ltd. (Kirby) is engaged in manufacturing and erection of PEBs. Kirby has been promoted by the Alghanim Group, one of the largest groups in the Gulf region, having presence in the PEB and insulation materials industry for 30 years. In order to capitalise on the potential of the vast Indian market, the Alghanim Group promoted Kirby and set up facilities to manufacture PEBs at Pashamylaram, Medak District, Andhra Pradesh during 1999-2000.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

Kirby has reported a total income of Rs.442 cr in FY09 (January to December). The company has booked post-tax losses of Rs.40 cr. Kirby has booked net sales of Rs.154 cr and a PAT of Rs.6 cr in H1FY10.

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