

May 12, 2010

**CARE REAFFIRMS VARIOUS RATINGS ASSIGNED TO THE BANK FACILITIES OF MSK PROJECTS (INDIA) LIMITED AND PLACES THEM ON 'CREDIT WATCH'**

Sr. No	Name of the facility	Amount (Rs. Crore)	Ratings <sup>1</sup>	Remarks
1.	Term Loan I for R-R project	9.38	CARE A(SO) [Single A (Structured Obligation)]*	Reaffirmed and placed on credit watch
2.	Term Loan II for LBT	7.06	CARE A-(SO) [Single A minus (Structured Obligation)]^	
3.	Term Loan III for JBT	8.56	CARE A-(SO) [Single A minus (Structured Obligation)]\$	
4.	Fund based working capital limits	63.00	CARE BBB+ (Triple B plus)	
5.	Term loans for equipment finance	22.14	CARE BBB+ (Triple B plus)	
6.	Non fund based working capital limits	150.00	CARE BBB+ (Triple B plus)/PR3+ (PR Three plus)	
7.	Term Loan IV for HHK	31.35	CARE A-(SO)[Single A minus (Structured Obligation)]@	
8.	Short Term loan	1.97	PR3+ (PR Three plus)	

\*Backed by first charge on escrow of toll receipt of Raisen-Rahatghar project(R-R);

^Backed by first charge on escrow of bus terminal receipt of Ludhiana Bus Terminal (LBT);

\$ Backed by first charge on escrow of Jalandhar Bus Terminal receipt (JBT);

@ Backed by first charge on escrow of toll receipt of Hosangabad-Harda-Khandwa (H-H-K) project.

CARE has placed all of the above ratings on 'credit watch' with developing implications on account of announcement of sale of management's stake. CARE will take a view on the ratings once further details are available on the matter.

**Rating\_Rationale**

The ratings continue to consider stable toll generation & profitability derived from completed BOT projects, experienced promoters, diversified revenue stream from industrial, road & residential construction and reputed clientele in respect of construction projects. Ratings also consider improvement in the financial flexibility & liquidity during 9MFY10 and thrust of government on infrastructure segment. Ratings are continue to be constrained by delays in some of the completed projects with cost overrun, exposure to BOT & fixed price projects and fragmented nature of construction industry with intense competition. Ratings are also constrained by impact on cash flow due to delay in stabilization of Dewas Water Supply project.

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

Any time/cost overrun in ongoing projects, time taken for revival of the operations of water supply project, managing working capital and propensity to support the SPVs where MSK has extended corporate guarantee are the key rating sensitivities

**Company Profile:**

MSK is driven under the leadership of Mr.Ashok Khurana (Managing Director), having more than 30 years of experience in the construction business. Operations of MSK are broadly categorized into construction (contract receipts accounted for 92% of total income during FY09) and maintaining BOT projects (toll receipts accounted for 8% of total income).

During 9MFY10, MSK had four toll generating BOT projects for which debt obligations are backed by first charge on escrow of the project specific revenue. MSK operates in three distinct segments in construction sector viz. industrial, roads & residential and other civil construction, which makes its revenue stream diversified. During FY09, contributions of these three segments in contract receipts were 52%, 41% and 7% respectively. MSK had an order book of Rs.727.13 crore (work to be executed) as on Dec.31, 2009.

For FY09, MSK reported total income of Rs.366.62 crore (previous year: Rs.247.03 crore) and PAT of Rs.22.67 crore (previous year: Rs.17.07 crore).

During 9MFY10, MSK reported total income of Rs.311.96 crore and PAT of Rs.23.64 crore.

**Analyst Contact**

Name: Yogesh Shah

Tel # 079-40265603

Mobile # +91 94288 13912

Email: [yogesh.shah@careratings.com](mailto:yogesh.shah@careratings.com)

***CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto: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.

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>