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July 27, 2010

**CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATINGS TO THE BANK FACILITIES OF MAHAJAN ENGINEERING WORKS**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	4.5	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	5.0	'PR3' (PR Three)	Assigned
<b>Total Facilities</b>	<b>9.5</b>		

The ratings assigned by CARE are based on the capital deployed by the partners and the financial strength of MEW at present. The rating may undergo a change in case of withdrawal of capital or of the unsecured loans brought in by the partners in addition to changes in the financial performance and other relevant factors.

**Rating Rationale**

The ratings derive strength from the experience and resourcefulness of the partners, long track record of operations and comfortable capital structure of Mahajan Engineering Works (MEW). The ratings are constrained by MEW's relatively small scale of operations, risks inherent in a partnership firm such as limited ability to raise equity capital and cyclical trends & volatility of raw material prices associated with the steel sector. Going forward, the ability of MEW to profitably scale up operations shall be the key rating sensitivity.

**Company Profile**

MEW is a registered partnership firm founded in 1964. Mr. Rajinder Nath Mahajan is the managing partner of the firm, and has been associated with this business for over 25 years. MEW has three partners with equal share in profit/loss. The firm is part of Mahajan Group, which is being managed by second and third generations of Mahajan family. Other entities under this group are Ravi Industries, which is into manufacturing of bicycle parts and Mahajan Wires (P) Ltd., a distributor to Usha Martin and manufacturer of animal nails.

MEW is engaged in manufacturing of Alloy & Non Alloy steel wires and shoes tacks, apart from trading of wire rods and animal nails. The manufacturing facility of MEW is situated at Ludhiana, Punjab.

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



Press Release

On a total operating income of Rs.45.05 cr during FY09, MEW earned PBILD and PAT of Rs.2.31 cr and Rs.0.62 cr respectively. As per the provisional results for FY10, the firm has achieved total operating income of around Rs.35.88 cr with PBILD and PAT of Rs.2.57 cr and Rs.0.67 cr respectively.

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***CARE has 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.***

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