

June 15, 2010

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF MEHER FOUNDATIONS & CIVIL ENGINEERS PVT LTD.

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	12.35 (revised from Rs.16.5 cr)	'CARE BBB' (Triple B)	Reaffirmed
Short-term Bank Facilities	7.50 (enhanced from Rs.5 cr)	'PR3' (PR Three)	Reaffirmed
Total Facilities	19.85		

Rating Rationale

The ratings continue to derive strength from experience of promoters in the business, healthy profitability margins and solvency ratios, proven track record with established clientele, pan India presence, healthy order book position and positive outlook for the infrastructure and power sectors.

The ratings are, however, constrained by small scale of operations, limited in-house design and engineering capabilities, decline in PAT margin in FY09 due to high interest cost, increased collection period, and reduced order book to sales ratio.

Ability to receive payments in a reasonable time from its customers, timely execution of the orders and optimum utilisation of its machinery remain the key rating sensitivities.

Company Profile

Meher Foundation & Civil Engineers Private Limited (MFCPL) is engaged in the job of drilling, pile foundation and civil engineering work required in construction of infrastructure and realty projects. MFCPL has a pool of hydraulic rotary machines placed across India and has proven track record in the field of pile foundation. During FY09, the company earned PAT of Rs.3.10 on a total income of Rs.36.77 crore. As per the provisional results of 9MFY10, company made sales of Rs.38.80 crore with profit before tax of Rs.8.14 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.

¹Complete definition of the ratings assigned are available at www.careratings.com

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