
October 21, 2010

CARE ASSIGNS 'CARE BBB' AND 'PR3' RATING TO BANK FACILITIES OF MEHROTRA BUILDCON PVT LTD.

Rating assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	7.84	'CARE BBB' (Triple B Minus)	Assigned
Long-term/Short-term Bank Facilities	25.00	'CARE BBB' (Triple B Minus)/ 'PR3' (PR Three)	Assigned
Total Facilities	32.84		

Rating Rationale:

The rating derives strength from the demonstrated execution capabilities, experienced promoters, presence in large number of states and diverse clientele thus, ensuring a balanced portfolio.

The rating is however constrained by the small scale of operations, moderate leverage, profitability margins and low revenue visibility.

MBPL's ability to execute the various projects in a timely fashion and secure fresh orders in future are the key rating sensitivities.

Company Profile

Mehrotra Buildcon Private Limited (MBPL) formed as a partnership firm in 1979, is engaged in the execution of civil construction contracts mainly in segments such as pile foundation, road projects, laying of railway tracks, mining, pre stressed concrete decking and bridges in the states of Delhi, Madhya Pradesh, Chhattisgarh, Maharashtra, Rajasthan, Uttar Pradesh and Gujarat.

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

On a total income of Rs.62 crore, MBPL earned a PAT of Rs.2 crore in FY09. Further, on a total income of Rs.63 crore, it posted a PAT of Rs.3 crore in FY10 (provisional results). It has an outstanding order book of Rs.147.95 crore as on July 25, 2010 which translates in the order book to sales ratio of 2.35x.

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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.

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.

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