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September 27, 2010

**CARE ASSIGNS 'CARE BBB' AND 'PR3' RATINGS TO THE BANK FACILITIES OF NICE PROJECTS PVT LTD.**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	4.0	<b>'CARE BBB' (Triple B)</b>	Assigned
Short-term Bank Facilities	16.0	<b>'PR3' (PR Three)</b>	Assigned
<b>Total Facilities</b>	<b>20.0</b>		

**Rating Rationale**

The ratings take into account the experience of the promoters in the construction industry, diversified order book position with repeat orders and low overall gearing. However, the ratings are constrained by moderate financial risk profile characterised by small scale of operations, moderate profitability margins, low net worth base resulting in limited ability to bid for larger and more complex projects as well as fragmented nature of the industry with many players competing for infrastructure and urban development projects.

Going forward, NPPL's ability to increase its scale of operations, improve profitability and execute its orders in time while sustaining the competitive pressures and inherent cyclical trends associated with the construction sector will be the key rating sensitivities.

**Company Profile**

New India Contractors & Engineers (NICE) a construction agency, started its activities in 1988 as a proprietorship firm and was incorporated as a private limited company on April 22, 2004 as Nice Projects Private Limited (NPPL). The company is promoted by Mr Sartaj Ali (Managing Director) who is an engineer by profession.

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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

NPPL is engaged in execution of civil construction jobs and has a diversified but moderate order-book of Rs.111 cr (as on May 31, 2010) across industrial, commercial, residential and road construction projects with current operations spread across the North Indian states. NPPL reported total operating income of Rs.61.7 cr during FY09 with PAT of Rs.1.8 cr. For FY10 (provisional), NPPL reported total operating income of Rs.71.4 cr with PAT of Rs.2.3 cr.

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