

June 18, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF
RAJASTHAN ELECTRONICS & INSTRUMENTS LTD****Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	14.00	'CARE BBB' (Triple B)	Reaffirmed
Long/Short-term Bank Facilities	16.00	'CARE BBB/PR3' (Triple B/PR Three)	Reaffirmed
Short-term Bank Facilities	1.00	'PR3' (PR Three)	Reaffirmed
Total Facilities	31.00		

Rating Rationale

The ratings continue to take into account REIL's 'Mini Ratna' status granted by Department of Public Enterprise, Government of India (GoI), monopoly in dairy electronics sector, diversified product portfolio, and comfortable financial profile also during FY10 (provisional). However, the ratings continue to remain constrained by high collection period as most of the clients are Government entities, small size of operations and low level of profitability margins.

Company Profile

Incorporated in 1981, REIL is a joint venture enterprise between Government of India (51%) and Government of Rajasthan (49%). It falls under the administrative control of the Ministry of Heavy Industries and Public Enterprises. GoI and GoR hold their shareholding in REIL through Instrumentation Limited (IL) and Rajasthan State Industrial Development and Investment Corporation Limited (RIICO) respectively. REIL operates in two major business areas: Electronics & Information Technology and Renewable Energy.

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

During FY09, total operating income was Rs.85.24 crore against Rs.79.01 crore in FY08. PAT margin, however, declined to 1.24% in FY09 against 3.39% in FY08. As per provisional FY10, total operating income was Rs.99.30 crore with a PAT margin increased to 2.00%.

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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.

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