

MAY 27, 2014

## CARE ASSIGNS 'CARE BBB' AND 'CARE A3' RATINGS TO BANK FACILITIES OF HI-TECH ENGINEERING CORPORATION INDIA PRIVATE LIMITED

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	28.75	<b>CARE BBB (Triple B)</b>	Assigned
Short term Bank Facilities	87	<b>CARE A3 (A Three)</b>	Assigned
<b>Total Facilities</b>	<b>115.75</b>		

**Rating Rationale**

The ratings assigned to the bank facilities of Hi-Tech Engineering Corporation India Private Limited (HTEC) derive strength from the long track record of operations in the niche segment of turnkey engineering, procurement and construction (EPC) solutions for sugar factories, qualified & experienced management, established domestic presence along with some overseas project executions, satisfactory order book position providing long-term revenue visibility and satisfactory financial risk profile marked by improving profit margins and interest coverage and modest gearing.

The ratings, however, are constrained by the long gestation period of project execution leading to working capital intensive nature of operations, non diversified business profile exposing the company to seasonal & cyclic sugar industry prospects, geographical concentration due to project execution majorly concentrated in Maharashtra and competition from the relatively large-sized players in the sector.

The ability of the company to generate new orders coupled with executing the current order book as per the envisaged schedule while maintaining its capital structure is the key rating sensitivity.

**Background**

Hi-Tech Engineering Corporation India Private Limited (HTEC) was incorporated in 1993 in Baramati by Mr Sanjay Awate and Mr Rajendra Ingawale for the purpose of providing erection solutions to sugar plant manufacturers. The company gradually developed its expertise in designing and manufacturing of boilers, pressure feeders & crushing mills. The company now offers turnkey engineering, procurement and construction (EPC) contracting services for sugar as well as distillery & cogeneration power plants across India and abroad.

For FY13 (refers to the period April 1 to March 31), HTEC achieved a total operating income of Rs.167 crore compared to the total operating income of Rs.294.6 crore in FY12.

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

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CIN - L67190MH1993PLC071691