Press Release

June 28, 2011

CARE ASSIGNS 'CARE BB+' AND PR4 RATINGS TO THE BANK FACILITIES OF PRASAD MULTI SERVICES PVT LTD.

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	26.31	'CARE BB+' (Double BB Plus)	Assigned
Short-term Bank Facilities	3.00	'PR4' (PR Four)	Assigned
Total Facilities	**29.31**		

Rating Rationale

The ratings are primarily constrained by the small scale of operations of Prasad Multi Services Private Limited (PMS), fluctuating turnover with consistent decline in profitability in the last three years and weak liquidity position owing to the high working capital requirements. Further, the ratings are also constrained by the low bargaining power of PMS vis-à-vis its major clients and fragmented nature of the industry.

The ratings, however, favourably take into account the vast experience of the promoters and established track record of operations.

Ability to improve the liquidity position and the overall financial risk profile would be the key rating sensitivity.

Company Profile

Incorporated in 1999, Gujarat-based PMS was promoted by the Kavar family. Prasad group started business in 1996 with Prasad Marine Services Pvt. Ltd. which is engaged in the marine services. Then the promoters diversified into infrastructure equipment rentals, operation and maintenance of equipments, ready mix concrete, software development and distribution of equipments business through PMS.

There are three directors on the Board of PMS comprising Mr Prakash M. Kavar as Chairman & Managing Director, Mr Mayur M. Kavar and Mrs Pranjlin P. Kavar as Director. Mr Prakash M. Kavar has an industrial experience of around 16 years. The other directors also have an industrial experience of more than a decade.

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

During FY10, PMS reported total operating income of Rs.21.07 crore (FY09: Rs.25.48 crore) with a PAT of Rs.1.20 crore (FY09: Rs.2.66 crore). As per provisional results, PMS has reported total operating income of Rs.14.28 crore in 9MFY11.

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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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