

August 31, 2010

**CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF  
PETRON ENGINEERING & CONSTRUCTION LTD.****Ratings**

<b>Facilities/ Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term	117.17 (enhanced from 109.09)	<b>'CARE A-' (Single A Minus)</b>	Revised from CARE BBB+ [Triple B Plus]
Short-term	582.83 (enhanced from 310.00)	<b>'PR2' (PR Two)</b>	Revised from PR3+ [PR Three Plus]
<b>Total</b>	<b>700.0</b>		

**Rating Rationale**

The revision in the ratings takes into account growth in revenue along with improvement in profit margins of PECL, achievement of financial tie-up for purchase of equipment and visibly improved earning potential reflected by a healthy order book position.

The ratings continue to derive strength from the experience of the promoters of PECL, established brand name, global network and financial support from the holding company and low gearing levels of the company.

The ratings are, however, constrained by the limited experience in and the inherent risks associated with execution of larger projects.

Ability of PECL to execute the projects in a timely manner and maintain operating margins remain the key rating sensitivities.

**Company Profile**

Incorporated in 1976, Petron Engineering Construction Limited (PECL) is engaged in the business of engineering, procurement & construction, mechanical fabrication, electrical & instrumentation works for a variety of sectors. As on July 19, 2010, the company had a healthy order book position of around Rs.1,230 crore, to be executed over the next 18-24 months.

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

PECL's net sales increased to Rs.567.91 crore in FY10 from Rs.457.14 crore in FY09. The company registered PAT of Rs.23.88 crore in FY10 as against Rs.6.47 crore in FY09.

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