

October 12, 2010

**CARE REVISES THE RATINGS ASSIGNED TO BANK FACILITIES/NCD OF
PUNJ LLOYD LTD.**

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	665.79	CARE AA- (Double A minus)	Revised from CARE AA
Short-term Bank Facilities	280.00	PR1+ (PR One plus)	Reaffirmed
Long/Short-term Bank Facilities	10,860.90	CARE AA-/PR1+ (Double A minus /PR One Plus)	Revised from CARE AA/PR1+
Total Facilities	11,806.69		
Non-Convertible Debentures - I	685.00	CARE AA-(Double A minus)	Revised from CARE AA
Non-Convertible Debentures – II	300.00	CARE AA-(Double A minus)	Assigned
Commercial Paper/Short-term Debt	350.00	PR1+(PR One Plus)	Reaffirmed
Total Instruments	1,335.00		

Rating Rationale

The revision in ratings takes into account the losses incurred by PLL in few of its projects, which has led to net losses at the consolidated level and weakening of debt protection metrics of the company in FY10.

The ratings, however, continue to be supported by the track record of operations of PLL particularly in areas of engineering & construction of process facilities and infrastructure projects, its healthy order book position and strong execution capabilities. The ratings also take into consideration the strengthened equity base through the QIP in August 2009, comfortable liquidity position and moderate solvency ratios for the company. Going forward, ability to execute the order book in a timely manner by PLL and its various subsidiaries, extent of support to its subsidiaries and maintenance of a favourable capital structure would be the key rating sensitivities.

Company Profile

Punj Lloyd Ltd (PLL) was promoted by Mr. Atul Punj, the present Chairman of the company in 1988. PLL is one of the largest engineering construction companies in India, providing integrated design, engineering, procurement, construction and project management services for process industry and infrastructure sector projects.

¹Complete definition of the ratings assigned are available at www.careratings.com

During FY10 PLL, on standalone basis, earned Rs.7,117 crore of total income with a PAT of Rs.367 crore. As per the results for Q1FY11, PLL had earned a total income of Rs.1,116 crore, with a net loss of Rs.18 crore. On a consolidated level, PLL during FY10 reported a total income of Rs.10,448 cr with a net loss of Rs.116 cr.

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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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