

June 8, 2010

CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF TOYO ENGINEERING INDIA LIMITED

CARE has reaffirmed the '**CARE A+**' [**Single A Plus**] rating assigned to the Long-term Bank Facilities of Toyo Engineering India Limited (TEIL) aggregating Rs.140.00 crore (enhanced from Rs.95 crore). This rating is applicable for facilities having tenure of more than one year. Facilities with this rating are considered to offer adequate safety for timely servicing of debt obligations. Such facilities carry low credit risk.

Further, CARE has also reaffirmed the '**PR1+**' [**PR One Plus**] rating assigned to the Short-term Bank Facilities of TEIL aggregating Rs.535 crore (enhanced from Rs.177 crore). This rating is applicable for facilities having tenure up to one year. Facilities with this rating would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk.

CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

(Rs. crore)

Instrument	Amount	Rating
Long-term Bank Facilities	140.00	' CARE A+ '
Short-term Bank Facilities	535.00	' PR1+ '
Total	675.00	

Rating Rationale

The ratings continue to derive strength from TEIL's successful track record in project execution, design and engineering capabilities, high margins in Project Management Consultancy (PMC) business, healthy order book position, support structure received from its parent under global Toyo initiative, healthy solvency position and favourable growth potential reflected by increase in planned outlay for enhancing oil refining capacity.

The ratings, however, are constrained by relatively low profitability of EPC contracting business and inherent risks associated with large size of projects. Timely execution of large-size projects remains the key rating sensitivity.

Company Profile

TEIL, promoted by Toyo Engineering Corporation Japan (TEC) (holding 74% equity stake) and Indian promoters (holding 26% equity stake), was incorporated in 1976. The company is engaged in Engineering, Procurement and Construction (EPC) and Project Management Consultancy (PMC) services for customers in the oil & gas, refinery, fertilizer and petrochemicals sector. TEIL is also responsible for execution of all projects of TEC in India and Middle East.

TEIL earned a PAT of Rs.11.77 crore on net sales of Rs.721.58 crore in FY09 as compared to PAT of Rs.29.56 crore on sales of Rs. 715.40 crore in FY08.

During 9MFY10, TEIL registered PAT of Rs.10.21 crore on net sales of Rs.339.51 crore as compared to PAT of Rs.0.52 crore on sales of Rs. 491.35 crore in 9MFY09.

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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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