

## Punj Lloyd Limited

January 11, 2017

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	5,144.67 (reduced from 5,172.78)	CARE D (Single D)	Reaffirmed
Long-term/Short-term Bank Facilities	7,937.19 (reduced from 7,952.16)	CARE D/CARE D (Single D)	Reaffirmed
<b>Total Facilities</b>	<b>13,081.86</b> <b>(Rs. Thirteen thousand eighty one crore and eighty six lakh only)</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale

The ratings assigned to the bank facilities of Punj Lloyd Ltd (PLL) continue to factor in delays in debt servicing by the company due to its weak liquidity.

### Detailed Description of key rating drivers

With slower order inflows and relatively slower execution, operating income of PLL declined from Rs.5103 crore in FY15 (refers to the period April 1 to March 31) to Rs.3494 crore in FY16 at a standalone level and from Rs Rs.7280 crore in FY15 to Rs.4415 crore in FY16 at the consolidated level. The decline in operating income and increase in interest cost resulted in net loss of Rs.1650 crore at a standalone level (FY15: Rs. 507 crore) and Rs.2245 crore at a consolidated level in FY16 (FY15: Rs. 1141 crore).

Weak financial performance continued in H1FY17 (unaudited) though the operating income increased marginally to Rs.1958.5 crore (from Rs. 1666.24 crore in H1FY16) and net loss also declined to Rs.437.19 crore at a standalone level (net loss of Rs.881.04 crore in H1FY16). On account of weak financial performance, the liquidity position of the company has been impacted, leading to delays in debt servicing.

### Analytical approach: Standalone

### Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's methodology for Short-term Instruments](#)

[Rating Methodology - Infrastructure Sector Ratings](#)

[Financial ratios – Non-Financial Sector](#)

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

## About the Company

Punj Lloyd Ltd (PLL), promoted by Mr Atul Punj in 1988, is an engineering & construction company in India, providing integrated design, engineering, procurement, construction (EPC) and project management services for oil & gas, process industry and infrastructure sector projects. PLL has various subsidiaries operating in multiple geographies and engaged in EPC in the field of oil and gas and infrastructure sector.

The company's consolidated order book as on September 30, 2016 stood at Rs. 20,474 crore.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History (Last three years):** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### **About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an *External Credit Assessment Institution (ECAI)* by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

### **Disclaimer**

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## Annexure-1

### Details of Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	June 2021	1811.13	CARE D
Fund Based/Non Fund Based-LT/ST	-	-	-	7937.19	CARE D
Fund Based - LT-Cash Credit	-	-	-	3333.54	CARE D

## Annexure-2

### Rating History (Last three years)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings (January 10, 2017)			Chronology of Rating history for past three years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Term Loan-Long Term	LT	1811.13	CARE D	1)CARE D (February 03, 2016) 2)CARE D (October 13, 2015)	1)CARE D (August 13, 2014)	1)CARE BBB+ (January 15, 2014)
2.	Fund Based/Non Fund Based-LT/ST	LT/ST	7937.19	CARE D	1)CARE D / CARE D (February 03, 2016) 2)CARE D / CARE D (October 13, 2015)	1)CARE D / CARE D (August 13, 2014)	1)CARE BBB+ / CARE A2 (January 15, 2014)
3.	Fund Based - LT-Cash Credit	LT	3333.54	CARE D	1)CARE D (February 03, 2016) 2)CARE D (October 13, 2015)	1)CARE D (August 13, 2014)	1)CARE BBB+ (January 15, 2014)

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