

July 8, 2010

CARE ASSIGNS 'CARE BBB+' AND 'PR2' RATINGS TO THE BANK FACILITIES OF ENERGO ENGINEERING PROJECTS LTD.**Ratings**

Facilities/ Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	35.68	'CARE BBB+' (Triple B Plus)	Assigned
Short-term Bank Facilities	128.00	'PR2' (PR Two)	Assigned
Total Facilities	163.68		

Rating Rationale

The ratings derive strength from the experienced management and promoters, track record of two decades, healthy order book, good profitability margins, comfortable solvency ratios, high revenue growth in the past two years, reputed clientele and the ongoing Government initiatives in the thermal power sector.

The Ratings are constrained by the relatively small size of Energo with presence in small-size projects, customer concentration risk, debt-funded expansion project and working capital intensive nature of business.

Ability of Energo to maintain high growth and secure larger orders is the key rating sensitivity

Company Profile

Energo, incorporated in 1989, is engaged in providing Engineering Procurement Construction (EPC)/turnkey solutions of Balance of Plant (BOP) requirements of Power Plants. The company also provides consultancy services to power plants in the form of residual life assessment studies, assessment of renovation and modernisation requirements and suggesting cost-effective method for improving the efficiencies of the existing systems, besides energy audits and independent performance testing.

Energo has been doing EPC/turnkey projects for the power plants and completed the biggest project of a single unit size of up to 660 MW. In January 2008, the company initiated backward integration by setting up a manufacturing base at Coimbatore, Tamil Nadu to manufacture products related to installation of thermal power stations. Further, Energo plans to expand its operations to include manufacturing of boiler parts, costing Rs.10.00 crore with a D/E of 1.94x. The same is expected to commence operation from July 2010. The power sector and the top five customers contributed around 95% to Energo's income in FY09. However, over a period of time Energo has acquired a good clientele including Public Sector Undertakings (PSUs) and big corporate such as BHEL, IOC, NTPC, SAIL, GSEC, Lanco Infrastructure, Neyveli Lignite etc.

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



Press Release

Total income of Energo for FY09 grew by 113.71% to Rs.109.34 crore on account of growth in Turnkey/EPC contracting which comprised of 94.35% of revenues in FY09. For the past two financial years viz. FY08 and FY09, this segment has grown by more than 100%.

In 9MFY10, Energo has achieved net sales of Rs.147.96 crore with PAT of Rs.8.04 crore. The order book as on December 31, 2009 stood at Rs.328 crore which is 3.16x of its FY09 net sales.

Analyst Contact

Name: Ms. Aarti Mhatre

Tel # 022 6754 3440

Email: aarti.dogra@careratings.com

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.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail : Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>