

July 29, 2010

**CARE REVISES THE RATINGS OF THE BANK FACILITIES AND STD/CP OF
PMT MACHINES LTD.****Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	290.96	'CARE BBB+' (Triple B Plus)	Revised from CARE A
Short-term Bank Facilities	56.04	'PR 2' (PR Two)	Revised from PR1+
Total facilities	347.00		
Short-term Debt/Commercial Paper	25.00	'PR 2' (PR Two)	Revised from PR 1

Rating Rationale

The revision in the ratings takes into account deterioration in PMT's financial risk profile characterized by decline in profitability margins in FY2009, elongation in working capital cycle effected by slowdown in major end-user industries – automobiles and engineering. The revision also takes into account PMT's stressed debt service coverage indicators considering the redemption of USD 50 mn External Commercial Borrowing (ECB) due in 2011.

The ratings continue to derive strength from the track record of PMT's promoters, experienced management and the company's dominant position in the manufacturing of precision components in India.

The ratings are constrained by moderately high gearing levels, and moderate liquidity position.

Ability of PMT to improve its working capital management and timely arrangement of funds for the upcoming ECB redemption are key rating sensitivities.

Company Profile

Incorporated in 1961, PMT Machines Limited (PMT) is currently owned and managed by the Sandesara group, which took over the company in 1994. PMT manufactures conventional and Computerised Numerical Control (CNC) machine tools, used in shaping, cutting and finishing metal parts. The company successfully completed expansion and diversification project during FY09.

On a total income of Rs.380.22 crore, PMT earned a PAT of Rs.38.55 crore in FY09. During H1FY10, the company posted PAT of Rs.23.65crore on net sales of Rs.206.60 crore.

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Press Release

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