

August 16, 2010

CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATING TO THE BANK FACILITIES OF POGGEN AMP NAGARSHETH POWERTRONICS PVT. LTD.

Ratings Assigned

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	39.42	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	19.50	'PR3' (PR Three)	Assigned
Total Facilities	58.92		

Rating Rationale

The ratings take into account Poggen's experienced management, established operations with stable and healthy profitability and moderate financial risk profile. The ratings also take into account favourable industry outlook of the end-use industry which is mainly related to the power and infrastructure sectors. The ratings are constrained by Poggen's modest scale of operations with relatively low net worth base, risk associated with debt-funded expansion project which is relatively large in size, moderately stressed liquidity position due to project execution stage, raw material price fluctuation risk and ancillary nature of operations. The ability of the company to execute the project and stabilise its operations in scheduled time and cost parameters, improvement in the gearing level and improvement in profitability on the back of increasing competition and fluctuation in raw material prices are the key rating sensitivities.

Company Profile

Incorporated in 1992, Poggen is engaged in the manufacturing of electrical stampings and for electric motor and transformers with an installed capacity of 15,000 Metric Tonne Per Annum (MTPA) as on March 31, 2010. Its manufacturing facilities are located at two places at Vatva (1,500 MTPA) in Ahmedabad and Kheda (13,500 MTPA) near Ahmedabad.

Poggen manufactures customised electrical laminations and electric motor stampings which go in the core of the equipment manufactured by Original Equipment Manufacturers (OEMs) like transformers, stabilizers, UPS systems, various motors, alternators, hydro and wind power generators etc, mainly in the power sector.

Poggen is undertaking an expansion project to increase its installed capacity by 8,400 MTPA, as also a project involving process upgradation at a total cost of Rs.26.50 crore to be financed with a term-debt of Rs.21.75 crore (already tied up) and Rs.4.75 crore from internal accruals. These projects are expected to be commissioned in August/September 2010.

During FY10 (provisional) Poggen registered a total income of Rs.73.92 crore with a PAT of Rs.6.80 crore as compared to the total income of Rs.55.87 crore with a PAT of Rs.3.01 crore in FY09.

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