

July 29, 2010

**CARE REAFFIRMS RATINGS OF BANK FACILITIES OF
FREYSSINET PRESTRESSED CONCRETE CO. LTD.**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	22.38	'CARE A-' [Single A Minus]	Reaffirmed
Long/Short-term Bank Facilities	11.00	'CARE A-' [Single A Minus] / 'PR 2+' [PR Two Plus]	Reaffirmed
Total Facilities	33.38		

Rating Rationale

The ratings continue to derive strength from FPCC's proven track record, wide recognition in prestressing segment and specialized civil engineering works, equity infusion in FY10, steady industry growth prospects in the medium term and tangible & intangible support drawn from the Gammon Group of companies.

The ratings are however constrained by FPCC's small size of operations, moderate financial risk profile, cost and time over-run in housing projects and inherent risks associated with the construction industry.

Ability of FPCC to secure new and large orders, recovery of cost over-run and ability to generate high internal accruals and positive operating cash flows remain key rating sensitivities.

Company Profile

The Freyssinet Prestressed Concrete Company Ltd (FPCC) was incorporated in November 1954, as a wholly-owned subsidiary of Gammon India Ltd (GIL) (Rated CARE AA / PR1+). Further from FY02 to FY07 the company was an associate of GIL. During FY07 GIL sold its entire 36.64% stake to Smit Capital Services Pvt Ltd. GIL has provided a letter of comfort to FPCC towards repayment for partial bank facilities (for Bank Facilities of Punjab National Bank and has also extended unsecured loans during the year ended March 31, 2009).

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

During FY09, FPCC reported net sales of Rs.105.41 crore (up by 4.57% over FY08) and a PAT of Rs.1.80 crore (up by 9.75% over FY08). In 9MFY10, FPCC posted total revenue and PAT of Rs.81.51 crore and Rs.1.36 crore respectively.

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