

July 13, 2010

**CARE REVISES RATING ASSIGNED TO THE BANK FACILITIES OF
GVK AIRPORT HOLDING PVT LTD.****Ratings**

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	28.00 (size reduced from Rs. 102 crore)	'CARE A (SO)' [Single A (Structured Obligation)]	Revised from 'CARE BBB+(SO)' [Triple B Plus (Structured Obligation)]
Total Facilities	28.00		

Rating Rationale

Revision in rating takes into account improvement in credit risk profile of the guarantor. The aforesaid bank facilities are backed by unconditional irrevocable guarantee extended by GVK Power and Infrastructure Ltd (GVKPIL). The rating of GVKPIL take into account experienced management, track record of successful execution of projects, well diversified portfolio of assets under operation and development, commercial operation of gas based power plants during the H1FY'10, successful QIP issue in Q1FY10, financial flexibility and growth prospects for infrastructure sector.

The rating is however constrained by risk associated with investments in developments of infrastructure projects and high investment commitments. The rating also takes into account recent acquisition of stake in Bangalore International Airport Limited (BIAL) and financial commitments thereof. The ability of GVKPIL to meet its equity commitment as per the schedule and tie up for funding of project without deteriorating its financial risk profile are the key rating sensitivities.

Company Profile

GVK Airport Holding Private Limited (GAHPL) was incorporated on June 10, 2005 and is in the business of investments by the GVK group in SPVs undertaking development and modernization of airports. The company holds about 37% stake in Mumbai International Airport Development Private Limited (MIAL). MIAL is a joint venture company incorporated by consortium led by GVK group, for modernization of Mumbai airport. GAHPL is a wholly owned subsidiary of GVK Airport Developers Private Limited (which is 100% subsidiary of GVKPIL). As per the Operation, Management and Development Agreement the consortium members of MIAL had to furnish bank guarantees to the AAI, based on the shareholding in MIAL, guaranteeing the equity commitment upto Rs 500 crore in MIAL. GAHPL has provided bank guarantees to AAI based on its equity holding in MIAL. The value of Equity Bank Guarantee will be

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

progressively reduced based on the amounts actually infused. All the investment commitments of GAHPL are met through the equity infusion from GVK Airport Development Private Limited (GADPL), which in turn gets infusion from GVKPIL. Total equity commitment of GVK group in MIAL is about Rs.444 crore and as on December 31, 2009, the group has already invested Rs. 222 crore in MIAL.

About Guarantor

GVKPIL is in the business of infrastructure development and is an investment vehicle of GVK group in infrastructure projects. As on December 15, 2009 the company had 12 assets in its portfolio, including eight in energy segment, three in transportation and one in urban infrastructure. During Q1FY'10, the company raised Rs. 708 crore through Qualified Institutional Placement of 173.36 million shares at a price of Rs. 41.35 per share. During Q3FY'10, GVKPIL acquired 29% stake in Bangalore International Airport Limited (BIAL) through its wholly owned subsidiary GVK Airport Developers Private Limited. During FY'09 company earned a PAT of Rs. 21 crore on a total income of Rs. 39 crore. As on March 31, 2009 and September 30, 2009, GVKPIL was a debt free company.

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