

July 8, 2010

**CARE ASSIGNS A PR2+ (SO) RATING TO THE BANK FACILITIES OF
GVK DEVELOPMENTAL PROJECTS PVT LTD.**

Ratings

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Short-term Bank Facilities	590.00	'PR2+ (SO)' [P R Two Plus (Structured Obligation)]	Assigned
Total Facilities	590.00		

Rating Rationale

The aforesaid bank facilities are backed by unconditional irrevocable guarantee extended by GVK Power and Infrastructure Ltd (GVKPIL) to the facilities of GDPPL. The rating of GVKPIL take into account GVKPIL's 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 Developmental Projects Private Limited (GDPPL) is a subsidiary of GVKPIL and is engaged in the business of bidding/development of infrastructure projects on behalf of GVKPIL.

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

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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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.

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