

August 10, 2010

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF GVK INDUSTRIES LIMITED**Ratings Assigned**

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	789.90 (reduced from 892.26)	'CARE BBB+' (Triple B Plus)	Revised from CARE BBB [Triple B]
Short Term Bank Facilities	84.16 (reduced from 146.22)	PR2 (P R Two)	Revised from PR3 [P R Three]
Total Facilities	874.06		

Rating Rationale

The revision in the rating takes into account availability of fuel (gas) and recent commencement of commercial operation of Phase II of the company. The rating continues to take into account promoters' strength, operational track record for Phase I, PPA which provides for alternate fuel and reimbursement of fixed charges related to Phase I, agreement with PTC to sell power (50 MW) on merchant basis for Phase II and positive outlook for the power sector. The rating is, however, constrained by, limited operational track record of the company along with moderate financial risk profile and financially weak profile of customer.

Company Profile

GIL was incorporated in June, 1992 and is engaged in generation of electricity at its mixed fuel combined cycle power plants situated in Jegurupadu in Andhra Pradesh (AP). Total installed capacity of the company is about 436.824 MW set up in two phases. Phase-I which is gas based combined cycle power plant is operational since June 1997 while Phase II commercial operation was started on April 14, 2009. The company has entered into FSA with Reliance Gas Transportation Infrastructure Limited (RGTIL) and Reliance Industries Limited for a period of 5 years for meeting the fuel requirement of both the phases. The company has signed PPA with APDISCOMs for both the Phases.

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

During FY'09 the company earned a PAT of Rs. 7 crore on sales of Rs. 350 crore. For the nine months period ended December 31, 2009 sales stood at Rs. 606 crore with PAT of Rs. 15 crore.

Analyst Contact

Name: Rahul Patni

Tel # +91 – 40 – 4010 2030

Mobile # +91 – 91 60 00 45 63

Email: rahul.patni@careratings.com

CARE has 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.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Praladnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail : Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>