

May 5, 2010

CARE REVISES RATING ASSIGNED TO LONG TERM BANK FACILITIES OF GATI LIMITED

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	324* (enhanced from Rs.317 cr)	'CARE A' (Single A)	Revised from CARE A+ [Single A plus]
Total Facilities	324		

*As on Sept. 30, 2009

Rationale

The rating revision factors in the deterioration in financial position of the company due to operating losses incurred in Air Freight business and on derivative contracts, invocation of Bank Guarantee by National Aviation Company of India Ltd. all of which led to increase in the leverage position. The rating derives strength from Gati's established position in express cargo industry with multi-modal transportation network and wide reach, growth in revenue over the years, rich experience of its promoter in the business, IT enabled operations and overall good prospects for logistics industry in the long term. The rating is, however, constrained by continuing high exposure to group companies and challenging operating conditions on account of the slowdown in economy. The ability of the company to maintain profit margins and continuous growth in the operations, without further deterioration in its financial risk profile are the key sensitivities.

Company Profile

Incorporated in 1995, Gati, a leading express distribution & logistics player, primarily operates from two divisions namely Express Distribution & Supply Chain (EDSC) division and Coast-to-Coast (C2C) division.

On a total income of Rs.618cr, Gati incurred loss of Rs.15cr in FY09. The company achieved a total income of Rs.538 crore with PAT of Rs.10 crore in 9MFY10 ended March 31, 2010.

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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

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

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