

June 23, 2010

CARE ASSIGNS A 'PR1' RATING TO THE COMMERCIAL PAPER ISSUE OF GAYATRI PROJECTS LTD

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Commercial Paper (CP)*	75	'PR1' (PR One)	Assigned

** carved out of working capital limits with a tenure of six months*

Rating Rationale

The rating factor in the promoters' strengths, experience of the company in execution of various infrastructure projects, strong order book position, equity infusions in the recent past, healthy profitability, adequate debt coverage parameters, favourable industry scenario and steps taken by the company to diversify into new areas. The rating also takes into account the recent enhancement in working capital limits. However, the rating is constrained by the equity commitments towards thermal power project, long gestation period of BOT projects and working capital intensive nature of business. The ability of the company to meet the equity commitment, execute the order-book without deterioration in its financial risk profile and refinance its FCCB debts in case of non conversion of the same are the key rating sensitivities.

Company Profile

Gayatri Projects Ltd (GPL) is into the business of constructions since 1975 and mainly engaged in execution of civil works including construction of Concrete/Masonry Dams, Earthen Dams, National Highways, Bridges, Canals, Aqueducts, Airports, Ports etc. The company had order book of Rs.6459 cr as on December 31, 2009. GPL is in process of setting up coal based Independent Power Plant (IPP) of 1320 MW in the state of Andhra Pradesh through an SPV – Thermal Powertech Corporation India Ltd (TPCIL). Rural Electrification Corporation (REC) – the lead FI has appraised the project cost as Rs 6869 crores. The project is proposed to be funded through Debt Equity ratio of 3:1. Debt of Rs 5151 crores and equity of Rs 1718 crores. On a total income of Rs.1006 cr, GPL earned a PAT of Rs.42 cr in FY09. The company has achieved revenue of Rs.875 cr for the nine month period ending December 2009 and earned PAT of Rs.38 cr during the period.

Analyst Contact

Name: Rahul Patni
 Tel # +91 – 40 – 4010 2030
 Mobile # +91 – 91 60 00 45 63
 Email: rahul.patni@careratings.com

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.

¹Complete definition of the ratings assigned are available at www.careratings.com

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 Pralhadnagar 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.Ashwini Jani 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 – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat NagarHyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@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>