

August 12, 2010

**CARE REVISES RATING ASSIGNED TO THE BANK FACILITIES OF
KARNAVATI AVIATION PVT LTD**

Ratings assigned

Facilities/ Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term bank facilities	74.00	CARE AA(SO) Double A (Structured Obligation)]	Revised from CARE A+ (SO) [Single A Plus (Structured Obligation)]
Short-term bank facilities	14.82	PR1+(SO) [PR One Plus (Structured Obligation)]	Reaffirmed
Total Bank facilities	88.82		

Rating Rationale

CARE has revised long-term rating of Karnavati Aviation Private Limited (KAPL) to '**CARE AA (SO) (Double A (Structured Obligation))**' for the sanctioned term loan of Rs.74 crore. Also, CARE has reaffirmed short-term rating of '**PR1+ (SO)**' assigned to the bank guarantee of Rs.14.82 crore.

KAPL is wholly owned subsidiary of Mundra Port and Special Economic Zone Limited (MPSEZL). Besides, both long-term and short-term ratings are backed by irrevocable unconditional corporate guarantee extended by MPSEZL till the tenor of the facilities.

Revision in the long-term rating take in to account improvement of operational & financial risk profile of the guarantor, MPSEZL even during global economic turmoil and successful completion of fund raising plans of some of the group companies which has operational linkage with MPSEZL.

Ratings continue to take into account competitive strength of Mundra port derived from its location, natural deep draught & freight differential advantage, strong multimodal connectivity, flexibility in fixing the tariff, strong operational efficiency, comfortable financial risk profile and strong liquidity profile. It also factors in MPSEZL's track record of executing large size project with team of experienced professional, benefit from the long-term contracts with reputed clientele and diversified revenue stream. It also take into consideration good prospects of the growth of minor ports in Gujarat, expected benefit in the future revenue stream due to completion of various projects and surrounding developments due to early Special Economic Zone (SEZ) based port facility.

Nevertheless, ratings are continue to constrained by inherent risk associated with the ongoing projects of MPSEZL & propensity to support its subsidiaries, and competition from established major & minor ports in Gujarat and Maharastra.

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

Completion of ongoing projects without time & cost overrun with stabilization of revenue stream, any adverse impact of the MICT related issues on the financial position/cash flow, any significant change in the investment portfolio affecting MPSEZL's financial position, any impact of the changes in SEZ related regulations to growth prospects & profitability are key rating sensitivities.

About KAPL:

KAPL was incorporated during July 2007 as separate entity for managing aircraft operations as it is statutory requirement under Non Schedule Operator Permit (NSOP) under Ministry of Civil Aviation. Currently, KAPL owns two passenger aircrafts.

During FY10, KAPL has reported total income of Rs.19.60 crore and gross cash accrual of Rs.3.19 crore.

About MPSEZL

MPSEZL was incorporated on May 26, 1998 to undertake the development of the Mundra port under a Concession Agreement on a Build, Own, Operate and Transfer (BOOT) basis, until February 2031. MPSEZL is part of the well diversified Adani Group, which is a large conglomerate.

For the period ended Mar.31, 2010, MPSEZL had reported total operating income of Rs.1449 crore and PAT of Rs.529 crore as compared to Rs.1138 crore and Rs.483 crore respectively for the corresponding previous year.

Analyst Contact

Name: Deepak Prajapati

Tel # 079-40265608

Mobile # +91 94273 08696

Email: deepak.prajapati@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>