

June 8, 2010

**CARE ASSIGNS 'CARE A-' /PR1 RATING TO NCD/CP PROGRAMME OF LANCO INFRATECH LTD.**

Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Proposed Long-term Non Convertible Debentures	100	'CARE A-' (Single A Minus)	Assigned
Proposed Commercial Paper Issue @	100	'PR1' (PR One)	Assigned

*@ carved out of the existing working capital limits***Rating Rationale**

The ratings take into account the experienced and resourceful promoters with established track record in engineering & construction business, robust order book position of over 20,000 cr as on December 31, 2009 lending high revenue visibility to Lanco Infratech Ltd (LITL), comfortable profitability margins and low gearing levels. The rating also considers strengths emanating from the capacity additions in power generation and progress achieved in projects under construction which adds to the earning potential of the group in the near term. The ratings strengths are partially offset by the project execution risk given the large size of projects under development, substantial funding requirements associated with them and sectoral concentration of the current order book.

Going forward, timely execution of the project, timeliness and adequacy of funding arrangements and ability of LITL to sustain revenue growth and profitability shall be the key rating sensitivities.

**Company Profile**

Lanco Infratech Ltd (LITL) incorporated in 1993 as 'Lanco Constructions Limited', is the flagship company of Lanco Group, having interest in Construction, Power generation, Infrastructure and property development. LITL is structured as holding-cum-operating company. As a holding company LITL makes investments in various Special Purpose Vehicles (SPVs) which are created for the purpose of undertaking development of projects in various businesses such as power generation, road projects on Build, Operate & Transfer (BOT) basis, property development and others.

LITL primarily derives its revenue from income from contract operations and project development (98%) while the balance is contributed by income from sale of power, and income from dividends and interest. The total order book of LITL as on December 31, 2009 was Rs.20,902 cr with contracts from its own SPVs executing various power and road projects (around 90% of the order book). The orders are to be executed over the next five years.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

For FY09, the total income (standalone) of LITL stood at Rs.4,083 cr with PBDILT and PAT of Rs.567 cr and Rs.265 cr respectively. For the nine months ended December 31, 2009, LITL (standalone) registered the total income of Rs.4,243 with PBDILT and PAT of Rs.666 cr and Rs.370 cr respectively.

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***CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.***

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