

October 4, 2010

**CARE ASSIGNS 'CARE AAA(SO)' RATING TO NCD ISSUE OF
GMR POCHANPALLI EXPRESSWAYS LTD.**

Rating

Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Non-Convertible Debenture *(NCD)	650.00	'CARE AAA (SO) [Triple A (Structured Obligation)]	Assigned
Total	650.00		

* The NCDs have a tenure of around 17 years with semi-annual repayment commencing from April 2010.

Rating Rationale

The rating is based on the credit enhancement measures taken by GPEL to mitigate the Revenue risk, Operation & Maintenance (O&M) risk and the structured payment mechanism for servicing the NCDs in the form of escrow of annuity receivables from National Highways Authority of India (NHAI - rated CARE AAA for its long-term instruments). The rating also takes into consideration the significant Sponsor experience and support apart from the operational status of the project and commencement of receipt of annuity.

Any untoward revision in the credit standing of the annuity provider – NHAI, and/or occurrence of force majeure events are viewed as key rating sensitivities.

Company Profile

GPEL (formerly GMR Pochanpalli Expressways Private Limited) is a Special Purpose Vehicle (SPV) incorporated by GMR Infrastructure Ltd (GIL) and GMR Energy Ltd. (GEL) consortium on October 18, 2005 to implement highway project of 102-km stretch connecting Adloor Yellareddy & Gundla Pochanpalli in the state of Andhra Pradesh, on Build, Operate and Transfer (BOT) basis. As on March 31, 2010, GIL along with GMR Highways Ltd. (GHL) and GEL held the entire shareholding of GPEL.

The project was awarded under the Annuity Scheme by NHAI, whereby NHAI would pay fixed annuity amounts of Rs.54.18 crore semi-annually after the commissioning of the project. The Concession is for a period of 20 years (including construction period of 30 months). The project achieved Commercial Operations Date (COD) on March 26, 2009. GPEL received its first annuity in September 2009.

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

The project was completed at a cost of Rs.702.26 crore and was financed at a debt-equity ratio of 3.7x (considering preference share capital of Rs.12.26 crore as quasi-equity). GPEL reported a PAT of Rs.5.46 crore on total income of Rs.108.36 crore during FY10.

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