

July 16, 2010

**CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF
ILABS HYDERABAD TECHNOLOGY CENTRE PVT LTD****Ratings Assigned**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	61.55 (reduced from Rs.73.33 cr)	'CARE BBB' (Triple B)	Reaffirmed
Total Facilities	61.55		

Rating Rationale

The rating continues to factor in the experienced management team, presence of an escrow arrangement of lease rentals for repayment of loans, good lessee profile characterised by well-known corporate/group companies and location of iLHTC in an IT Park zone which enables the company to gain tax concessions. The ratings also consider the lease agreement clauses that provide for lock-in periods, notice periods, periodic rent escalations and security deposits. The rating is however, constrained by the risk of cancellation/non-renewal of the lease agreements, expiration of some of the lease agreements in 2010, slowdown in the IT industry and investments in group companies by iLHTC which has been funded through loans availed by iLHTC and security deposits received from lessees. The ability of the company to retain its existing tenants and its ability to rope in new tenants in case of withdrawal of the existing tenants at the original or higher lease rentals would be key rating sensitivities.

Company Profile

iLabs Hyderabad Technology Centre Pvt Ltd (iLHTC) is an IT park, promoted by Mr C. Srinivasa Raju in 2002 through his company, Chintalapati Holdings Pvt Ltd. iLHTC has constructed about one million square feet of IT Park in HI-TEC city, Madhapur, Hyderabad, which has been leased out to various IT/ITES companies.

On a total income of Rs.26 cr, iLHTC earned a PAT of Rs.6 cr in FY09. The debt to equity ratio was at 2.49x as on March 31, 2009.

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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

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

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



Press Release

facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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