

July 27, 2010

**CARE ASSIGNS 'CARE BBB+ (SO)' RATING TO THE SENIOR DEBT AND  
'CARE BBB (SO)' RATING TO THE SUBORDINATE DEBT OF  
L&T AHMEDABAD MALIYA TOLLWAY PVT LTD.**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Senior Bank Facilities	1,198.00	<b>'CARE BBB+ (SO)' [Triple B Plus (Structured Obligation)]</b>	Assigned
Long-term Subordinate Bank Facilities	50.00	<b>'CARE BBB(SO)' [Triple B (Structured Obligation)]</b>	Assigned
<b>Total Facilities</b>	<b>1,248.00</b>		

**Rating Rationale**

The ratings take into account the strong promoter background and their proven operational track record, completion of financial closure and strategic location of the project highway. The ratings also inter-alia consider the comfort provided by M/s Larsen & Toubro Ltd. (L&T) to the lenders of L&T Ahmedabad Maliya Tollway Private Limited (LAM) to infuse funds to cover cash flow shortfall arising out of certain events, for a pre-specified time period and upto a specified limit. These factors are offset by the project being in the early stages of implementation and the associated implementation risk, notwithstanding provision for sectional commissioning of the project stretch. The ratings also take into account the traffic and revenue risk associated with a toll-based project owing to uncertainty of revenue.

**Company Profile**

LAM is a Special Purpose Vehicle (SPV) which is 100% owned and promoted by L&T, to undertake the implementation of a road project in the State of Gujarat, pursuant to the Concession Agreement entered into with Gujarat State Road Development Corporation (GSRDC) in September, 2008. The project envisages augmenting the existing 180-km long road from km 11.5 to km 195.065 on the Ahmedabad-Viramgam- Halvad- Maliya section of SH-17 and SH-7 in Gujarat by constructing a four-lane highway on build, operate and transfer (BOT) basis. The total project cost is estimated at Rs.1,497 crore, to be funded by an equity contribution of Rs.249 crore from the promoters and debt of Rs.1,248 crore.

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

L&T has provided a sponsor support undertaking to the lenders of LAM to infuse funds a) to cover cash flow shortfall arising out of cost overrun upto an extent of 5% of the project cost and b) to the extent of Rs.30 cr to meet cash deficit during the initial three full years of operation and to maintain Debt Service Coverage Ratio (DSCR) of 1.2x.

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***CARE has 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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