

July 8, 2010

CARE ASSIGNS CARE BBB- RATING TO THE BANK FACILITIES OF MAHARASHTRA BORDER CHECK POST NETWORK LTD.**Rating**

| Facilities/Instruments | Amount (Rs. crore) | Ratings¹ | Remarks |
|-------------------------------|-------------------------------|---|----------------|
| Long-term Bank Facilities | 1141.00 | 'CARE BBB-' [Triple B Minus] | Assigned |
| Total Facilities | 1141.00 | | |

Rating Rationale

The rating derives strength from proven project execution skills and support extended by main sponsor Sadbhav Engineering Limited (SEL, rated CARE A+ & PR1+) to the project, achievement of financial closure, relatively less complex project with low likelihood of cost over run and good revenue potential on the back of importance of the project with very low possibility of traffic slippage.

Nevertheless, the rating is constrained by higher project gearing which can potentially impact coverage ratios, risk associated with project implementation as well as coordinating activities from different streams for timely execution of work, traffic risk, interest rate risk and risk associated with various macroeconomic factors inherent in the BOT projects.

Improvement in the project DER, completion of project without time and cost overrun, any major deviation in envisaged revenue and movement in interest rates affecting coverage ratios are key rating sensitivities.

Background

MBCN, an SPV promoted by SEL (90% stake), SREI Sahaj E-Village limited (5%) and SREI Infrastructure Finance Limited (5%) for the purpose of modernization and computerization of integrated border check posts at 22 entry points in the state of Maharashtra on Build Operate and Transfer (BOT) basis. Major responsibility of project execution as well as equity infusion lies with main promoter SEL. SEL has good project execution skills and financial flexibility with a portfolio of nine BOT projects in the road segment including three operational BOTs.

¹Complete definition of the ratings assigned are available at www.careratings.com

The project was awarded by Maharashtra State Road Development Corporation (MSRDC) for the concession period of 24.5 years including construction period (18 months from the date of handover of land for each check post).

The project is estimated to cost Rs. Rs.1426.37 crore which is proposed to be financed with debt/equity of 4:1. As on Mar.31, 2010 EPC cost of Rs. 234.12 crore has been spent including mobilization of advances to EPC contractors.

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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.

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