

May 7, 2010

CARE ASSIGNS RATINGS 'BBB+ (SO)' RATING TO THE TERM LOANS OF MAHARASHTRA STATE ROAD DEVELOPMENT CORPORATION

CARE has assigned a rating of **CARE BBB+ (SO) [Triple B plus (Structured Obligation)]** to the existing guaranteed term loans aggregating to Rs 743.63 crore as on December 31, 2009 of Maharashtra State Road Development Corporation (MSRDC). This rating is based on the credit enhancement in the form of unconditional and irrevocable guarantee for debt servicing from Government of Maharashtra (GoM). Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk.

The ratings factor in the strengths underlining GoM's financial fundamentals including comfortable debt and debt servicing parameters, presence of institutional measures enhancing credit quality like the sinking fund and adherence to the key Twelfth Finance Commission targets. The ratings however also takes into account the significant pressure likely to be exerted by the revised pay scale on lines of the sixth pay commission on the revenue balance, higher capital plan outlay of the state and facets underlining MSRDC financials including dependence on GoM funds, negative net worth and the future role of the corporation as an enabling agency for infrastructure projects in the state. The ratings also factor in MSRDC's track record of debt servicing.

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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 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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