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June 18, 2010

**CARE REAFFIRMS RATING ASSIGNED TO THE 54EC CAPITAL GAINS BOND PROGRAMME OF NATIONAL HIGHWAYS AUTHORITY OF INDIA**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Capital Gains Bond Programme	4,000	'CARE AAA' (Triple A)	Reaffirmed
<b>Total Facilities</b>	<b>4,000</b>		

### Rating Rationale

The rating continues to take into account the high level of support that NHAI receives from the Government of India (GoI) due to its strategic importance as the country's nodal agency for implementing various road sector projects including various phases of National Highways Development Programme (NHDP). The outlook on NHAI reflects the outlook on the sovereign, direct and indirect support, which is the key driver of the rating.

Going forward, the fund-based and non-fund based support that NHAI receives from GoI and successful execution of its mandate would remain the key rating sensitivities.

### Company Profile

National Highway Authority of India (NHAI) was constituted u/s 3(1) of the National Highway Authority Act 1988 and was operationalised in February 1995 to develop, maintain and manage national highways in the country. NHAI is vested with executive powers for developing national highways in India by the Ministry of Road Transport & Highways (MoRTH). The mission of NHAI is to meet the nation's need for the provision and maintenance of national highway networks to world standards within the strategic policy framework as set by GoI.

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

During FY09, NHA1 was allocated cess funds of Rs.6,972 cr out of the Central Reserve Fund, Additional Budgetary Support of Rs.159 cr and capital grants for execution of Externally Aided Projects of Rs.1,513 cr. This led to rise in net worth to Rs.51,696 cr as on March 31, 2009. During FY09, NHA1 reported Net expense of Rs.93 cr (charged to Capital Work In Progress) due to change in accounting policy, wherein Agency charge is notionally recognized through a Memorandum Account (forming part of Notes on accounts) which was hitherto being charged as income in the Profit & Loss statement. However the rating derives credit strength through strategic importance of NHA1 and regular funds that NHA1 receives from the government for fulfilling its mandate, rather than the profits earned by it.

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***CARE 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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