

June 3, 2010

CARE ASSIGNS AN "IN-PRINCIPLE" 'CARE AAA (SO)' RATING TO THE NCDS OF NIRMAL BOT LTD

Rating

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Non-Convertible Debenture (NCD)	280.00	'CARE AAA (SO)' [Triple A (Structured Obligation)]	"In-principle" Assigned

Rating Rationale

The rating is based on the proposed credit enhancement measures taken by Nirmal BOT Ltd (NBL) to mitigate the revenue risk, Operation & Maintenance (O&M) risk and the structured payment mechanism for servicing the NCDs in the form of escrow of annuity receivables from National Highways Authority of India (NHAI) (rated CARE AAA for its long-term instruments). The rating also takes into consideration the significant Sponsor experience and receipt of Provisional Certificate of Completion (PCC) thereby eliminating the project completion risk.

Credit standing of the annuity provider (NHAI) and Hindustan Construction Company Limited (HCC) and occurrence of force majeure events are key rating sensitivities.

Company Profile

NBL is a Special Purpose Vehicle (SPV) incorporated on September 19, 2006 to undertake improvement, rehabilitation/strengthening of the existing 2-lane road of the Kadtal-Armur section (km 278 to km 308 of NH-7), widening it to 4-lane divided carriageway alongwith O&M of the road on a Build, Operate & Transfer (BOT) basis (annuity-based). NBL is a 100% subsidiary of HCC, a leading construction and infrastructure development company with a rich heritage of experience.

The project was awarded under the Annuity Scheme by NHAI, whereby NHAI would pay fixed annuity amounts of Rs.23.80 crore semi-annually after the commissioning of the project. The Concession is for a period of 20 years, including a 24-month implementation period. As against the Scheduled Project Completion Date (SPCD) of October 31, 2009, NBL has received a PCC with effect from July 22, 2009.

The project was completed at a cost of Rs.315.00 crore and was financed at a debt-equity ratio of 4x (considering sub-ordinate as quasi-equity).

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

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