

September 3, 2010

**CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF
NORTH KARNATAKA EXPRESSWAYS LIMITED****Rating**

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	410.34	'CARE AA' (Double A)	Revised from 'CARE AA-' [Double A Minus]

Rating Rationale

The rating revision factors the improvement in the credit risk profile of North Karnataka Expressways Limited (NKEL) characterized by comfortable cash position leading to prepayment of debt. Besides, the rating takes into cognizance the promoters' strength and experience in road infrastructure development, sustained operations since Commencement of Operation Date (COD) in FY05, continued annuity receipts from National Highways Authority of India (NHAI) and the appointment of reputed companies for routine and periodic maintenance of the project stretch.

The above strengths are partially offset by the non-creation of Debt Service Reserve Account (DSRA) and Major Maintenance Reserve Account (MMRA), a constraint from a credit rating perspective.

Company Profile

North Karnataka Expressway Limited (NKEL) is a Special Purpose Vehicle incorporated on October 15, 2001 to undertake the design, construction, development, finance, operation and maintenance of 77-km stretch on National Highway (NH)-4 in Karnataka on an annuity basis. NKEL is promoted by a consortium of Infrastructure Leasing & Financial Services Limited (IL&FS), Punj Lloyd Limited (PLL) and IL&FS Transportation Networks Limited (ITNL). The Concession Agreement with NHAI was executed on November 20, 2001. The concession period for the project is 15 years including construction period of 30 months. ITNL has been appointed for routine operations and maintenance and PLL has been retained for undertaking the major maintenance activity of the project stretch.

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

NKEL reported a PAT of Rs.14.62 crore on a total income of Rs.112.93 crore in FY10.

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Press Release

CARE has 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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