



September 21, 2010

## ICRA assigns LBBB rating to the bank facilities of L&T Krishnagiri Walajahpet Tollway Private Limited; assigns a stable outlook

ICRA has assigned a LBBB rating to the Rs. 1027.75 crore term loan programme and Rs. 83.08 crore<sup>1</sup> non-fund based limits of L&T Krishnagiri Walajahpet Tollway Private Limited ("KWTPL" / "The Company")<sup>†</sup>. The outlook on the long term rating is Stable.

The rating takes into consideration the strength of the Promoter (L&T Infrastructure Development Projects Ltd.), the importance of the Project Highway, and low project execution / cost overrun risk due to the fixed price EPC contract to be entered into with L&T ECC division coupled with limited problems expected during the land acquisition stage. Further, the provision for tolling during construction obviates uncertainty in any timing mismatch with commencement of debt repayment. However, the ratings are constrained by the traffic risk that is typical to any toll road project, presence of alternate routes which could lead to traffic diversion on commencement of tolling by KWTPL at increased toll rates, interest rate risk as interest on the term loans post construction period shall be linked to with Base Rate/Prime Lending Rate, and expected dependence on the Promoter for debt servicing in the initial years of operation.

### Company Profile

L&T Krishnagiri Walajahpet Tollway Pvt. Ltd. is a SPV promoted by L&T Infrastructure Development Projects Limited for the augmentation of the existing 4-lane road from Krishnagiri (Km 0.0) to Walajahpet (Km 148.3) on National Highway-46 to 6-lane road. The Project Highway links various important towns in Tamil Nadu like Vellore, Vaniyambadi, Ambur, Krishnagiri, etc. and serves as one of the routes connecting Chennai with Bangalore/Salem. The project was awarded by National Highway Authority of India under the Design, Build, Finance, Operate, and Transfer (DBFOT) model with a concession period of 30 years starting from Appointed Date (expected by Nov 2010). The construction of the Project is expected to be completed within 30 months during which KWTPL shall be entitled to collect toll from the users.

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*ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)*

<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

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