

18 April, 2014

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
PINK CITY EXPRESSWAY PVT LTD**

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	1,965.97	CARE BB+ (Double B Plus)	Reaffirmed
Total Facilities	1,965.97		

Rating Rationale

The rating continues to be constrained by delay in the project completion primarily on account of land acquisition issues, lower-than-envisaged toll revenues, and weak financial risk profile of the sponsors. The rating also takes cognizance of the supplementary agreement entered with the National Highways Authority of India (NHAI) for change of scope of work in order to expedite the project completion as well as approval of restructuring of debt by the lenders. The rating continues to draw strength from strategic location of the stretch, steady collection from the existing toll plazas and fixed-time fixed-price nature of Engineering, Procurement & Construction (EPC) contracts. Timely completion of the project without any further time/cost overrun, timely infusion of the required funds by the promoters and the ability to achieve envisaged traffic growth shall be the key rating sensitivities.

Background

PCEPL is a Special Purpose Vehicle (SPV) floated by the ETA group of Dubai and the KMC Group of Hyderabad to undertake the improvement, operation and maintenance including strengthening and widening of the existing four-lane road to six-lane highway with service lane on either side from 42.7 km to 273 km (length 225.6 km) of NH-8 (Gurgaon-Kotputli-Jaipur Section) in the states of Haryana and Rajasthan on Build-Operate-Transfer (BOT) toll basis. IKSHU Infrastructure Pvt Ltd was inducted in FY14 (refers to the period April 1 to March 31) and holds 26% stake, while ETA group and KMC group hold 38% and 36% respectively.

Till December 31, 2013, PCEPL has spent Rs.2,717 crore on the project financed by bank loans of Rs.1,657 crore, Rs.621 crore through equity, Rs.396 crore from internal accruals (toll collection) and unpaid creditors to the tune of Rs.43 crore.

During FY13, PCEPL collected Rs.461.44 crore as toll revenues (including NHAI's share). From April 2013 till February 2014, revenue from toll collection stood at Rs.464.52 crore (including NHAI's share of Rs.241.80 crore). The project is expected to be complete by September 30, 2014.

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