

June 14, 2010

CARE ASSIGNS 'CARE AA-' RATING TO THE BANK FACILITIES OF INDIANOIL SKYTANKING LTD.**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	15	'CARE AA-' (Double A Minus)	Assigned

Rating Rationale

The rating factors in the strong parentage and support of the parent companies, IndianOil Skytanking Ltd (IOSL) being sole provider of fuel farm facility at Bengaluru International Airport, absence of downside risk as the revenue is fixed based on an agreement with Bengaluru International Airport Ltd (BIAL) and good growth in revenue during 9MFY10. The rating is however, constrained by IOSL's short track record, and high gearing levels.

Completion of fuel farm facility at T3 terminal of Delhi airport as per schedule will be crucial for the growth of IOSL. In addition to this, decline in gearing levels, continuation of support from the parent companies and development of new airports in the country will be the key rating sensitivities.

Company Profile

IOSL, incorporated in 2006, is a joint venture among Indian Oil Corporation Ltd., Indian Oiltanking Ltd. and Skytanking holding GmbH with 33.33% share each. The main objective of the company is to design, finance, construct and operate Aviation Fuel Facility at the Indian Airports, including the establishment, maintenance and operation of related storage and hydrant systems as well as provision of into-plane fuelling services. IOSL is currently operating Fuel Farm Facility and providing into-plane services at BIAL.

On a total net income of Rs.17 cr, IOSL incurred a loss of Rs.4 cr in FY09. During 9MFY10, IOSL registered a PAT of Rs.2 cr on a total income of Rs. 22 cr. Overall gearing as on Mar.31, 2009 was high at 2.19x.

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

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