

September 21, 2010

**CARE ASSIGNS BBB+ AND PR2 RATINGS TO BANK FACILITIES OF
KAZSTROYSERVICE INFRASTRUCTURE INDIA PVT LTD.**

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	716.07	'CARE BBB+' (Triple B Plus)	Assigned
Short-term Bank Facilities	125.00	'PR2' (P R Two)	Assigned
Total Facilities	841.07		

Rating Rationale

The ratings derive strength from the experience and established track record of the parent company OGCC KazStroyService JSC, Kazakhstan (KSS) in project execution in the oil & gas infrastructure, operational support & financial linkages from the parent company and strong growth prospects of the oil & gas and other infrastructure segments in India. CARE also positively factors in the presence of integrated execution capabilities with the company (both in-house and through its group concerns operating in India) covering the entire chain of Engineering, Procurement and Construction (EPC).

The ratings are, however, constrained by KIPL's modest operating history in India, intense competition in the sector dominated by stronger and more established players, increased leverage in capital structure and moderate order book position providing moderate revenue visibility. The ratings also factor in KIPL's plans to enter new infrastructure segments such as power, roads etc. both as a contractor and as a developer, which are capital intensive in nature with a long gestation period. Going forward, KIPL's ability to ramp up as well as successfully execute its order book and the quantum of its commitments to developer-based projects shall be key rating sensitivities.

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

Company Profile

KIPL was incorporated in July 2007 as a wholly-owned subsidiary of KSS, an EPC company headquartered in Almaty, Kazakhstan. KSS has an established track record of construction work with a specialization in onshore pipeline in Kazakhstan and other countries.

On a total income of Rs.662.9 cr, KIPL earned a PAT of Rs.42.6 cr in FY10.

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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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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