

June 18, 2010

CARE ASSIGNS 'CARE BB+' RATING TO THE BANK FACILITIES OF SKIL INFRASTRUCTURE LTD.

CARE has assigned the '**CARE BB+**' (**Double B Plus**) rating to the Long-term Bank Facilities aggregating to Rs.150 crore of SKIL Infrastructure Ltd. (SKIL). This rating is applicable to facilities having a tenure of more than one year. Facilities with this rating are considered to offer inadequate safety for timely servicing of debt obligations. Such facilities carry high credit risk.

CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

Bank Facilities	Amount (Rs. crore)	Rating
Long-term Bank Facilities	150.00	' CARE BB+ '

Rating Rationale

The rating is constrained by SKIL's investments in project- SPV's / group companies with considerable gestation period, its limited operational track record in the projects conceived and developed by it and considerable corporate guarantees provided. Besides, timely divestment of its equity holding at appropriate valuations is dependent on the market dynamics. However, the rating derives strength from the company's prior experience in the development of various infrastructure projects, its low gearing levels, sound technical collaboration and strategic tie-ups with known global players for most of its projects.

The timely completion of ongoing projects, company's ability to raise equity at appropriate valuations and to achieve the projected revenue and profitability, going forward, are the key rating sensitivities.

Company Profile

SKIL Infrastructure Ltd. (SKIL) is engaged in development of various infrastructure facilities, through various Special Purpose Vehicles (SPVs). Currently SKIL is developing various infrastructure facilities which includes a shipyard, logistics and warehousing projects, an educational institution and a port project. The total cost of these projects is about Rs.5,539 crore. In FY09, SKIL registered a total income of Rs.4.90 crore mainly in the form of project development fees. Its net worth increased from Rs.479 crore as on March 31, 2008 to Rs.695 crore as on March 31, 2009 mainly on account of conversion of optionally convertible bonds to equity and issuance of compulsorily convertible preference shares aggregating Rs.200 crore.

Analyst Contact

Name: Mr. Mahendra Patil

Tel # 6754 3443

Mobile # 9920145989

Email: mahendra.patil@careratings.com

CARE 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

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat NagarHyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>