

July 27, 2010

CARE ASSIGNS 'CARE BBB (SO)' AND 'PR3+ (SO)' RATING TO BANK FACILITIES OF JAGSON AIRLINES LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	10.25	'CARE BBB (SO) * [Triple B (Structured Obligation)]'	Assigned
Long-term/ Short-term Bank Facilities	5.00	'PR3+ (SO) * [PR Three Plus (Structured Obligation)]'	Assigned
Total Facilities	15.25		

****Backed by Corporate Guarantee of Jagson International Ltd (JIL)***

Rating Rationale

The ratings for the above facilities are primarily based on the credit enhancement in the form of an unconditional and irrevocable corporate guarantee provided by JIL.

JIL's credit profile is strengthened by the long track record of the company of about two decades, an experienced and qualified team of management and moderate financial indicators as indicated by healthy profitability margins and debt-coverage indicators. However, the company's credit profile is weakened by the increase in financial leverage on account of the on-going debt-funded acquisition of rigs.

Going forward, any adverse changes in JIL's financial risk profile and the ability of JIL to effectively deploy the rigs and realise timely cash flows from the same, would remain the key determinants of JIL's credit risk profile.

Company Profile

Incorporated in 1992, Jagson Airlines Ltd. (JAL) is the first private airlines in the country to operate scheduled flights on a regular basis. JAL belongs to the diversified Jagson group which has its presence in offshore drilling and oil exploration, infrastructure development facilities at the port and warehousing and distributorship of edible oils. As on June 30, 2010, the company owned a Dornier 228 aircraft and has on lease two Dornier 228 aircrafts from JIL. JAL also owns one MI 172 and MI 26 helicopters.

JAL registered an operational income of Rs.7 cr and net loss of Rs.7 cr in FY09. As per the provisional financials for FY10, JAL has achieved an operational income of Rs.11 cr and a net loss of Rs.7 cr.

¹The complete definition of the ratings assigned is available at www.careratings.com and other CARE publications.

About the Guarantor (JIL)

JIL, incorporated in 1988, is the flagship company of the Jagson Group. The company is engaged in offshore drilling activities for oil and gas exploration, mainly on a contractual basis with Oil and Natural Gas Corporation (ONGC). JIL also owns some storage tanks at Mangalore airport with capacity of 52846 KL. As on June 30, 2010, JIL owned five rigs. For FY10, JIL achieved a PAT of Rs.32 cr on a total operational income of Rs.77 cr.

Analyst Contact

Name: Jyotsna Gadgil

Tel: 011-23716199

Mobile: 9811552926

Email: jyotsna.gadgil@careratings.com

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.

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 Praladnagar 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. Pradeep Kumar 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 – 98407 54521 E-mail : Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@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>