

August 26, 2010

**CARE REAFFIRMS RATING TO THE BANK FACILITIES OF
JOSHI TECHNOLOGIES INTERNATIONAL INC (INDIA PROJECTS)**

Rating

	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term bank facilities	41.04	CARE A+ [Single A Plus]	Reaffirmed
Total Bank facilities	41.04		

Rating Rationale

The Rating continues to take into account of increase in average daily production of crude oil by JTIIP during FY10 on account of benefit of newly developed wells & enhance recovery from some of old wells. Rating continues to take into account experienced promoter, sound production practices, low operating cost per barrel, good working efficiency due to own work over rig, good financial risk profile and absence of oil exploration risk due to presence in only field development activities. Rating continues to draw additional comfort from the escrow of receivables of Indian Oil Corporation Limited (IOCL) and maintenance of DSRA (Debt Service Reserve Account). However, the rating is continue to be constrained by event based risk associated with crystallization of Income Tax liability due to withdrawal of benefit of 80IB (9) and depletion of wells u/s 42 of Income Tax Act 1961 . The rating continue to be constrained by low recovery of oil on account of inherent geological complexity, small size of operations and concentration risk due to presence of maximum producing wells in a single location.

Movement in crude oil prices, change in oil output and crystallization of large income tax liability affecting debt protection indicators are key rating sensitivities.

Assets being financed are located in India, all the above debts are secured and receivables from the oil field are escrowed and first utilized for debt servicing.

About JTI: JTI, USA was incorporated by Dr. Sadanand D. Joshi during 1988 in Tulsa, Oklahoma, USA and participates in oil and gas exploration, development and management activities in India, Colombia, Canada and the United States.

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

About JTIIP: Indian Operations of the company is looked after by its project office JTII-India Projects (JTIIP). As per provisional results of FY10, JTIIP reported a profit before tax (PBT) of Rs.48.22 crore on total income of Rs.100.22 crore as against a PBT of Rs.42.38 crore on total income of Rs. 91.84 crore for FY09.

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