

June 2, 2010

**CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF SHIV-VANI OIL AND GAS EXPLORATION SERVICES LTD.**

**Ratings Assigned**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Facilities	567.35	CARE BBB+	Reaffirmed
Long-term/ Short-term Facilities	389.00	PR2	Reaffirmed
<b>Total</b>	<b>956.35</b>		<b>Total</b>

**Rating Rationale**

The ratings continue to take into account SOGL's established position as an integrated onshore oil field service provider, consistent profitability and strong order book position. However, the ratings are constrained by debt-funded purchase of additional rigs, lowered financial flexibility and debt coverage indicators, customer concentration risk and stretched working capital cycle due to long collection period.

Going forward, SOGL's ability to improve its solvency position and timely execution of the outstanding order book would remain the key rating sensitivities.

**Company Profile**

SOGL is engaged in providing services ranging from shot hole drilling and seismic surveying to directional drilling, oil-well development, down hole operations, engineering & logistics, natural gas compression & allied services.

On a consolidated basis, the outstanding order book of SOGL as on December 31, 2009 stood at Rs.3,466 cr worth of projects from various oil and gas blocks in India, Oman and Mauritius. SOGL has large asset base with fleet of 40 onshore rigs of different capacities.

SOGL on a standalone basis registered PAT of Rs.96 cr on total income of Rs.680 cr in FY09. For 9MFY10, SOGL registered total income of Rs.806 cr and PAT of Rs.76 cr.

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***CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.***

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications.

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