

June 7, 2010

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF JSW POWER TRADING CO LTD.

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	168.00	'CARE BBB' (Triple B)	Reaffirmed
Short-term Bank Facilities	100.00	'PR2' (PR Two)	Reaffirmed
Total Facilities	268.00		

Rating Rationale

The ratings continue to take into account strong patronage from JSW Group, favourable demand-supply scenario for power in India, short-term Power Purchase Agreements (PPAs) with JSW Group companies.

The ratings continue to be constrained by high dependence on completion of power projects of group companies, increase in term debt for construction of corporate office premises, limitations of operating in a regulated environment with power trading margins being capped by Central Electricity Regulatory Commission (CERC) and sharing of trading margins with its parent company – JSW Energy Ltd (JSWEL) rated CARE A+ for its long term bank facilities.

The ratings are sensitive to the ability of the company to increase power trading volumes.

Company Profile

JSW Power Trading Company Limited (JPTL) was incorporated on July 8, 2005 as a wholly owned subsidiary of JSWEL with the objective of engaging in power trading activities. The company sources power from within the JSW group as well as from supplies available in the spot market.

Total Income of JPTL increased by 89% to Rs.1,497 crore in FY09, boosted by favourable demand-supply gap for power which enabled the company to trade higher volumes in the sport market. PAT of the company increased to Rs.3.14 crore in FY09 *vis-à-vis* Rs. 2.62 crore FY08 on account of higher operating profits and increase in dividend income from investment in mutual funds.

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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

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.

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

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