

July 27, 2010

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

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	426.00	'CARE BBB' (Triple B)	Reaffirmed
Short-term Bank Facilities	50.00	'PR2' (PR Two)	Reaffirmed
<b>Total Facilities</b>	<b>476.00</b>		

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

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