
August 20, 2010

**CARE ASSIGNS 'PR1' RATING TO THE COMMERCIAL PAPER PROGRAMME OF
JAGDAMBA POWER & ALLOYS LTD.**

Ratings Assigned

Instrument	Amount (Rs. crore)	Ratings¹	Remarks
Commercial Paper (Standalone)	10.00	'PR1' (PR One)	Assigned
Total	10.00		

Rating Rationale

The rating draws strength from Hira group's experience in commissioning, operating and maintaining small power plants, low gearing level, comfortable debt coverage indicators, fuel (coal) supply linkages for a significant portion of power generation capacity and positive outlook for the power sector.

However, the rating is constrained by significant exposure of Jagdamba Power & Alloys Ltd. (JPAL) to group companies by way of loans and advances which limits the company's liquidity position, rising fuel cost and exposure to fluctuating merchant tariffs.

The ability of JPAL to operate the plant efficiently and maintain operating margins are the key rating sensitivities.

Company Profile

Jagdamba Power & Alloys Ltd. (JPAL) is a closely-held company of the Hira Group. JPAL is engaged in the business of operating a 25-MW coal-based power plant located in Raipur (Chhattisgarh) which started commercial operation in March 2007.

Currently, JPAL supplies power to Chhattisgarh State Electricity Board (CSEB) during the prescribed six peak hours of the day, as per the arrangement with CSEB. For the remaining hours of the day, the company has short-term arrangement with private players for selling power.

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

As per provisional data provided for FY10, JPAL reported a PAT of Rs.22.49 crore on total income of Rs.80.94 crore as against PAT of Rs.40.78 crore on total income of Rs.101.38 crore in FY09.

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