

March 31, 2015

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF JAI BALAJI INDUSTRIES LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	2,327.68	CARE D	Reaffirmed
Short-term Bank Facilities	135.41		
Long/Short-term Bank Facilities	96.36		
Total	2,559.45		

Rating Rationale

The aforesaid rating of Jai Balaji Industries Ltd. (JBIL) takes into account the ongoing delays in debt servicing on account of stressed liquidity position of the company. The ability of the company to improve its liquidity and regularise its debt servicing will be the key rating sensitivity.

Background

JBIL is the flagship company of the Jai Balaji group, a decade old business house belonging to the Jajodia family of Kolkata. The company is an integrated steel player with four manufacturing facilities. It is engaged in the manufacturing of sponge iron, pig iron, ferro alloys, billets/MS ingots, DI pipes and steel bars/rods (TMT bars), besides having backward integration for sinter and power. Apart from manufacturing activities, the company is also engaged in trading of steel products.

SSPL is part of the Shyam group, promoted by Mr Mahabir Prasad Agarwal. The company was originally incorporated in the name of Shyama Cast Private Ltd. in September 1991, which was finally changed to its current name, Shyam Sel & Power Ltd. in April 2008.

In FY14 (12 months; refers to the period April 1 to March 31) JBIL reported a net loss of Rs.321.66 crore on a total operating income of Rs.1,968.10 crore as against a net loss of Rs.211.18 crore on a total operating income of Rs.1,548.80 crore in FY13 (9 months; refers to the period from July 1 to Mar 31). In 9MFY15, JBIL reported a net loss of Rs.224.30 crore on a total operating income of Rs.1,078.8 crore.

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

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