FEBRUARY 08, 2016

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITY OF JANKI CORP LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	513.68	**CARE D (Single D)**	Revised from CARE B+ (Single B Plus)
Short term Bank Facilities	107.00	**CARE D (Single D)**	Revised from CARE A4 (A Four)
Total Facilities	**620.68 (Rupees Six Hundred Twenty crore and Sixty Eight lakh only)**		

Rating Rationale

The revision in the ratings assigned to the bank facilities of Janki Corp Limited (JCL) takes into account delays in its debt servicing, as company continue to report cash losses on back of declining sales realization (on Sponge Iron), weak liquidity arising from high inventory holding and subdued performance of pellet plant.

Background

Promoted by Mr Raghu Nath Mittal, JCL is a closely-held public limited company. It commenced its operations with fabrics processing facility in Bhilwara in 1993. JCL entered in steel business during 2005 by setting up a sponge iron manufacturing unit in Bellary (Karnataka) with a capacity of 180,000 MTPA. The company has also setup Waste Heat Recovery Boiler (WHRB) based power plant of 15 MW (commissioned in March 2010) and pellet plant of 6,00,000 MTPA (commissioned in September 2011) and iron ore fines beneficiation plant (IOFBP) of 8,50,000 MTPA (commissioned in FY14 which is to be used for raw material for manufacturing pellet). JCL is currently under the ambit of corporate debt restructuring (CDR) scheme. Nevertheless, JCL could not service its debt obligations as per terms of CDR owing weak liquidity

Based on the provisional results for FY15, JCL reported a total operating income (TOI) of Rs.530 crore (FY14: Rs.487 crore) and net loss of Rs.30 crore (FY14: net loss of Rs.18 crore).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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

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