Press Release

August 02, 2013

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF JANKI CORP LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	414.96	**CARE BB+ (Double B Plus)**	Reaffirmed
Short-term Bank Facilities	86.00	**CARE A4+ (A Four Plus)**	Reaffirmed
Total Facilities	**500.96**		

Rating Rationale

The ratings of Janki Corp Limited (JCL) continue to be constrained by its high working capital intensity, modest debt protection indicators, high leverage, current regulatory hurdles faced by the iron ore industry and its presence in an inherently cyclical steel and textile industry.

The ratings, however, continue to derive comfort from JCL's experienced promoters, its established operations and good profitability. The ratings also factor improvement in JCL's operating efficiency due to benefit derived from the completed projects.

JCL's ability to complete on-going projects within estimated time and cost parameters along with generating envisaged returns thereof, efficiently manage its working capital requirements and volatile raw material prices apart from improvement in its capital structure are the key rating sensitivities. Need-based support from the promoters towards uninterrupted operations of the company is also crucial.

Background

Promoted by Shri Raghu Nath Mittal, JCL is a closely-held public limited company. It commenced its operations with fabric processing facility at Bhilwara in 1993. JCL entered in steel business during 2005 by setting up a sponge iron manufacturing unit in Bellary (Karnataka) with capacity of 1,80,000 Metric Tonnes Per Annum (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). Contribution of sponge iron, pellet, textile and sale of power constituted 51%, 34%, 12% and 3% respectively in total operating income of Rs.658.53 crore during FY13 (refers to the period April 1 to March 31).

Based on audited results for FY13, JCL reported a total operating income and Profit after Tax (PAT) of Rs.658.53 crore (P.Y. Rs.515.24 crore) and Rs.33.33 crore (P.Y. Rs.24.98 crore) respectively. Based on provisional results for Q1FY14, JCL reported total operating income of Rs.128.90 crore.

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

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