

July 20, 2010

CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATING TO BANK FACILITIES OF JINDAL SHIPYARDS LTD.

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	16.57	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	5.00	'PR3' (PR Three)	Assigned
Total Facilities	21.57		

RATING RATIONALE

The ratings take into account the group support in the form of resourceful promoter in Jindal Saw Ltd. and satisfactory order book position from a group company, recent commissioning of barge manufacturing unit, as well as growing demand of barges for inland water transport in the country. However, the ratings are constrained by nascent stages of operations and yet-to-be demonstrated production and scaling up capabilities, especially in light of barge manufacturing being new venture by the group. Going forward, timely and successful ramping up of production from the existing plant within the cost envisaged and higher-than-anticipated capex or expansion plans by the company would be the key rating sensitivities.

Company Profile

Jindal Shipyards Ltd (JSYL) is promoted by Jindal ITF Ltd., a P.R. Jindal group company, which is in turn a 100% subsidiary of Jindal Saw Ltd. (rated 'CARE AA-/PR1+'). JSYL was incorporated in March 2007 to develop a barge manufacturing unit at Cossipore, Kolkata with a capacity to manufacture four barges of 2,500 Dead Weight Tonne (DWT) each per annum. The commercial operations have commenced from December 31, 2009 and the company has got order to manufacture two barges from a group company.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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

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