JSW Steel Limited

May 13, 2025

The Hon'ble Supreme Court of India, in its recent judgement dated May 02, 2025, has set aside the orders passed by the NCLT (National Company Law Tribunal) and NCLAT (National Company Law Appellate Tribunal) w.r.t to the proceedings of Bhushan Power and Steel Limited (BPSL). The said judgement has also set aside the approval of the Resolution Plan (RP) submitted by JSW Steel Limited (JSWSL) and approved by the Committee of Creditors (CoC) and has directed the NCLT to initiate liquidation proceedings against BPSL. CARE Ratings Limited (CARE Ratings) understands that JSWSL is in the process of analysing its legal recourse in relation to the Supreme Court judgement as available to it in law.

The judgement further stated that the payments made by JSWSL to the financial and operational creditors (Rs. 19,350 crore and Rs. 350 crore respectively) as also the Equity contribution if any infused, being subject to outcome of the present set of Appeals, shall be dealt with by the parties as per the order dated March 06, 2020 and in accordance with the applicable law.

As per the referenced order dated March 06,2020 the aforesaid amount shall be refunded by the CoC to the Resolution Applicant (JSWSL) within a period of two months of the notice issued by JSWSL. CARE Rating understands that as per Escrow waterfall mechanism, the entire outstanding debt of BPSL would be paid off first and the balance would be available for JSWSL.

CARE Ratings further understands that JSWSL has full control of BPSL and business as usual will continue for BPSL until the asset is handed over to the CoC, post refund of the payment as mentioned above. CARE Ratings notes that the Escrow process including the refund event is a pre-step to handing over the control to the CoC.

BPSL contributes to around 12.6% of the existing installed capacity under JSWSL on consolidated basis as on December 31, 2024. The contribution in terms of PBILDT amounts to approx. 10% for 9MFY25. The debt protection metrics, particularly net debt/PBILDT for JSWSL (consolidated) is expected to remain within comfortable range going ahead in the event of JSWSL losing the ownership of BPSL, as the same is likely to simultaneously result in the surplus cash/liquidity being received by JSWSL after retirement of the existing debt under BPSL (taken as a JSW subsidiary). CARE Ratings Ltd. shall continue to assess the developments in the matter and impact (if any) of the afore-mentioned ruling of the Hon'ble Supreme Court of India on the credit profile of JSWSL on an ongoing basis and may appropriately review the ratings.

Please refer to the following link for Care Ratings Ltd's previous Press Release on JSW Steel Limited which captures amongst other things the rationale and key rating drivers along with their detailed description, rating sensitivities, liquidity position, and brief financial indicators. Click here

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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