

APRIL 20, 2016

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES/INSTRUMENTS OF JINDAL STAINLESS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	9,636	CARE D (Single D)	Reaffirmed
Short term Bank Facilities	6,245	CARE D (Single D)	Reaffirmed
Long Tem Bank Facilities (ECB's)	1,303	CARE C (Single C)	Reaffirmed
Total Facilities	17,184 (Rupees Seventeen Thousand one hundred and eighty four crore only)		
Non Convertible Debentures (NCD's)	229	CARE C (Single C)	Reaffirmed

Rating Rationale

The ratings ((i) and (ii) above) takes into account the ongoing delays in servicing the debt obligations by the company.

The ratings ((iii) and (iv) above) continues to be constrained by JSL's leveraged capital structure and weak debt coverage indicators. The ratings also take into account the company's working capital intensive nature of operations and cyclicity inherent in stainless steel industry.

The ratings take note of JSL's established position in the domestic stainless steel industry and the company's integrated nature of operations with focus towards value-added products. The rating takes cognizance of Asset Monetization-cum-Business Reorganization Plan (AMP) of JSL which entails transfer of identified business undertakings out of JSL to three new entities namely Jindal Stainless Hisar Limited (JSHL), Jindal United Steel Limited (JUSL) and Jindal Coke Limited (JCL).

Going forward, the company's ability to improve its debt servicing track record and register improvement in its capital structure scheme shall remain key rating sensitivities.

Background

JSL, promoted by the late Mr O.P. Jindal, was originally incorporated in 1970 as Jindal Strips Ltd. During 2002, JSL was formed pursuant to the demerger of the Jindal Strips Ltd. Currently, JSL is the flagship company of Ratan Jindal group (son of Mr OP Jindal). It is the largest domestic stainless steel producer with a steel melting capacity of 0.8 million tonnes per annum each at Hisar (Haryana) and Jajpur (Odisha). It also has captive thermal power plant, captive ferro chrome facilities, hot rolling, cold rolling and downstream value-added

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

stainless steel manufacturing facilities. The company produces standard and specialty steel for commercial and industrial applications.

During FY15 (refers to the period April 1 to March 31), on a total operating income of Rs.5141.39 crore, the company reported a PBILDT of Rs.390.14 crore and PAT of Rs.290.66crore. In 9MFY15 (provisional) (refers to the period April 1 to December 31), it reported a PBILDT of Rs.479.94crore and net loss of Rs.579.84crore on a total operating income of Rs.4874.32 crore.

Analyst Contact

Name: MrSudhir Kumar

Tel: 011-45333232

Email: sudhir.kumar@careratings.com

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

CARE has 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.

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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.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. AmodKhanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaia Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. MehulPandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. SajanGoyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, HimayatNagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Nikhil Soni**304, PashupatiAkshatHeights, Plot No. D-91,
Madho Singh Road, NearCollectorateCircle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, SenapatiBapat Road,
ShivajiNagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

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