APRIL 21, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE VARIOUS BANK FACILITIES/INSTRUMENT OF JINDAL STAINLESS LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	10,050.00	**CARE D [Single D]**	Reaffirmed
Short-term Bank Facilities	6,245.00	**CARE D [Single D]**	Reaffirmed
Long-term Bank Facilities (ECBs)	1,414.00 (enhanced from 1,392.62)	**CARE C [Single C]**	Reaffirmed
Total Facilities	**17709.00**		
Non-Convertible Debentures (NCDs)	242.00	**CARE C [Single C]**	Reaffirmed

Rating Rationale

The ratings of Jindal Stainless Ltd (JSL) ([i] and [ii] above) take 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 weak financial risk profile marked by losses at the net level amid subdued industry scenario and the company's weak capital structure as well as debt coverage indicators. The ratings also take into account the company's working capital intensive nature of operations and cyclicality inherent in stainless steel industry.

The ratings take note of JSL's established position in the domestic stainless steel industry and the company's semi integrated nature of operations.

Going forward, the company's ability to improve its debt servicing track record and register improvement in its capital structure along with successful implementation of business reorganization scheme shall remain the 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 O P 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 stainless steel manufacturing facilities. The company produces standard and specialty steel for commercial and industrial applications.

During FY14 (refers to the period April 1 to March 31), on a total operating income of Rs.11,968 crore, the company reported a PBILDT of Rs.906 crore and net loss of Rs.1,390 crore. In 9MFY14 (provisional) (refers to the period April 1 to December 31), it reported a PBILDT of Rs.694 crore and net loss of Rs.708 crore on a total operating income of Rs.9,515 crore.

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****For detailedRationale 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.

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

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