MARCH 11, 2016

CARE REVISES THE RATINGS ASSIGNED TO THE VARIOUS BANK FACILITIES AND INSTRUMENTS OF JINDAL STEEL & POWER LIMITED

Ratings

Facilities/ Instruments	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	22,988.75	CARE D [Single D]	Revised from CARE BB+ [Double B Plus]
Short-term Bank Facilities	9,649.25	CARE D [Single D]	Revised from CARE A4+ [A Four Plus]
Total Facilities	**32,638.00 (Rupees Thirty Two Thousand Six Hundred Thirty Eight crore only)**		
Non-Convertible Debentures Programme-I	500.00	CARE D [Single D]	Revised from CARE BB+ [Double B Plus]
Non-Convertible Debentures Programme-II	1,000.00	CARE D [Single D]	Revised from CARE BB+ [Double B Plus]
Non-Convertible Debentures Programme-III	862.00	CARE D [Single D]	Revised from CARE BB+ [Double B Plus]
Proposed Non-Convertible Debentures Programme-IV	100.00	CARE D [Single D]	Revised from CARE BB+ [Double B Plus]
Non-Convertible Debentures Programme-V	750.00	CARE D [Single D]	Revised from CARE BB+ [Double B Plus]
Commercial Paper Programme	4,150.00	CARE D [Single D]	Revised from CARE A4+ [A Four Plus]
Total	**40,000 (Rupees Forty Thousand crore only)**		

Rating Rationale

The revision in the ratings of Jindal Steel & Power Ltd (JSPL) takes into account the delays in the debt servicing by the company. The delays were largely attributable to stretched liquidity position of the company following the delays in its debt refinancing plans and materialization of its divestment/asset monetization plans with weak cash flows from operations. JSPL's operational cash flows have deteriorated sharply following the steep fall in realisations which coupled with continued high debt servicing obligation has affected the liquidity position of the company.

The ratings continue to remain constrained by the cyclicality inherent in the steel industry and regulatory risks related to the mining sector. However, JSPL has integrated nature of operations backed by captive iron ore mine as well as power, diversified product mix and established promoter group with diversified operations.

Going forward, the company's ability to service its debt obligations in a timely manner and improve its capital structure shall be the key rating sensitivities.

Background

JSPL, part of the O P Jindal group, was formed in April 1998 by hiving off the Raigarh and Raipur manufacturing facilities of Jindal Strips Ltd. (JSL) into a separate company. JSPL is amongst the leading Integrated Steel Producers (ISP) in the country. The company's key business activities include manufacturing of sponge iron, steel products and power generation with its operations spread across Chhattisgarh (Raigarh and Raipur), Orissa (Barbil and Angul) and Jharkhand (Patratu) in India. JSPL has an installed steel manufacturing capacity of 4.75 MTPA (million tonnes per annum) with sponge iron capacity of 3.17 MTPA and hot metal capacity of 1.67 MTPA. The company also has power generation

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

capacity of 1,661 MW (including captive) as on March 31, 2015, the surplus power from which is sold on merchant basis. It also has a presence outside India with major operations in Oman, South Africa, Indonesia, Mozambique and Australia through its various subsidiaries.

During 9MFY16, the company reported a PBILDT and net loss of Rs.1,789 crore and Rs.873 crore, respectively on a total operating income of Rs.9,273 crore as against a PBILDT and net loss of Rs.3,376 crore and Rs.76 crore, respectively, on a total operating income of Rs.10,117 crore during 9MFY15.

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****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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