

May 7, 2010

**CARE ASSIGNS 'IPO GRADE 5' TO THE IPO OF  
JINDAL POWER LTD.**

CARE has assigned a '**CARE IPO Grade 5**' to the proposed Initial Public Offer (IPO) of Jindal Power Limited (JPL). CARE IPO Grade 5 indicates strong fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the relative assessment of the fundamentals of the issuer.

**IPO Grading Rationale**

The grading reflects JPL's position as one of the leading coal-based Independent Power Producer (IPP) in the private sector in India, strong backward integration resulting in high operating efficiencies, experienced management and satisfactory corporate governance practices. The grading also takes into account the strong earning potential reflected by the consistent growth in revenues and profitability since commencement, comfortable solvency profile and positive outlook for the power sector in India. The grading also takes cognisance of large capex plans which expose the company to project execution, funding and regulatory risks. However, these risks are largely mitigated by the company's and promoter's resourcefulness and demonstrated ability to execute large-scale projects, adequacy of funding arrangements, location of the projects in proximity to fuel sources and power-deficient states and favorable industry scenario which are expected to result in steady off-take and healthy earning profile in the medium term.

**Company Profile**

JPL, incorporated in 1995, is a subsidiary of Jindal Steel & Power Limited. (JSPL – with 96.43% shareholding as on December 29, 2009 and rated 'CARE AA+'), which is the flagship company of the Naveen Jindal Group. JPL operates a 1,000-MW coal-based power generation plant in Raigarh, Chhattisgarh which was fully commissioned in September 2008. During FY09, JPL generated revenue of Rs.3,257 crore and earned a PAT of Rs.1,582 crore. PBILDT and PAT margins stood comfortable at 84.85% and 47.73%, respectively, primarily on account of sufficient backward integration in terms of captive coal mines and operational efficiency. For the half-year ended September 30, 2009, the company achieved net sales of Rs.2,105 crore with PAT of Rs.1,215 crore. The company proposes to raise Rs.7,200 crore as gross proceeds from the issue to partly meet its capex requirements and general corporate purposes.

**Analyst Contact**

Name: Kapil Sachdeva

Tel # 01123318701

Email: kapil.sachdeva@careratings.com

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b>  Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>