

June 8, 2010

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE VARIOUS DEBT FACILITIES OF JINDAL SAW LTD.

Instruments	Amount (Rs. cr)	Ratings¹	Remarks
Long term Bank Facilities	914.77	CARE AA- (Double A Minus)	Reaffirmed
Redeemable Cumulative Preference Shares	100	CARE AA- (Double A Minus)	Reaffirmed
Short Term Debt (Including Commercial Paper)	100	PR1+ (PR One Plus)	Reaffirmed
Total	1,114.77		

Rating Rationale

The rating continues to reflect JSL's dominant position in Submerged Arc Welded (SAW) steel pipe segment, sustained trend of higher PBILDT margins, diversified product range, strong order book position and encouraging prospects for the sector. The rating is however, constrained by volatility in the prices of raw materials and cyclical nature inherent in the business. Going forward, the successful implementation of the on-going projects and impact of infrastructure-related ventures on the credit profile of JSL would be the key rating sensitivities.

Company Profile

Jindal SAW Ltd (JSL) was incorporated in 1984 as SAW Pipes Ltd. and promoted by the O.P. Jindal group. The company has a dominant position in longitudinal and helical SAW steel pipe segment owing to large capacities and established domestic and international clientele. JSL also manufactures cast iron/ductile iron pipes, seamless tubes, spiral saw pipes, anti-corrosion coated pipes, hot-pulled induction bends and connector casings.

The company has state-of-the-art manufacturing facilities at Kosi Kalan (UP), Mundra (Gujarat), Bellary (Karnataka) and Nashik (Maharashtra) with aggregate capacity of 13,90,000 Metric Tonne Per Annum (m.t.p.a.) of SAW pipes, 2,50,000 m.t.p.a. of seamless tubes and 200,000 m.t.p.a. of ductile iron pipes as on December 31, 2009.

During FY08 (12 months ended December 31, 2008), the total operational income was Rs.5,003 cr with PBILDT and PAT of Rs.701 cr and Rs.342 cr, respectively. The operational income of JSL exhibited decline of 26% during FY08 over the previous year. The decline was on account of divestment of its US operations by the company.

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

JSL has decided to change its accounting year from January-December to April-March; consequently the next financial year would be of 15 months ending March 31, 2010. For the 12 months ended December 31, 2009, the total operating income stood at Rs.5,713 cr (unaudited) with the PBDILT and PAT of Rs.975 cr and Rs.550 cr respectively.

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CARE 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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