

Decks cleared for Jindal Stainless Limited restructuring



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Punjab & Haryana High Court gives approval**

- *Jindal Stainless Limited (JSL) shareholders to get one share in new entity i.e., Jindal Stainless (Hisar) Limited (JSHL) for each share held by them pursuant to demerger of Vizag and Mining undertakings into JSHL.*
- *Jindal Stainless Limited to transfer by way of slump sale, inter alia, the stainless steel manufacturing facilities located at Hisar, Haryana to JSHL for Rs 2809 crore,*
- *Jindal United Steel Limited (JUSL) to acquire hot strip mill (HSM) plant by the way of slump sale in Odhisa for Rs 2413 crore,*
- *Jindal Coke Limited (JCL) to acquire the coke oven plant by the way of slump sale located in Odhisa Rs 493 crore,*
- *Copy of approval Order to be filed with Registrar of Companies, NCT of Delhi & Haryana and Scheme to be effective from appointed dates specified in Scheme*

New Delhi, September 21, 2015;

The Hon'ble High Court of Punjab and Haryana at Chandigarh today approved the Composite Scheme of Arrangement among Jindal Stainless Limited and Jindal Stainless (Hisar) Limited and Jindal United Steel Limited and Jindal Coke Limited and their respective Shareholders and Creditors ("Scheme"), under the provisions of Sections 391-394 of the Companies Act, 1956 read with Section 100 of the Companies Act, 1956, with effect from the Appointed dates as mentioned in the Scheme.

As part of the Scheme, JSL will demerge its business undertakings comprising of the Ferro Alloys division and Mining division to JSHL in consideration of which JSHL will issue its shares to the shareholders of JSL on a proportionate basis. Further, JSL will also transfer its business undertaking relating to the Hisar Unit to JSHL for ~Rs 2809 crore.

Further, the business undertaking related to HSM Plant will be transferred by way of slump sale to Jindal United Steel Limited for ~Rs 2413 crore while the business undertaking related to the Coke Plant will be transferred by way of slump sale to Jindal Coke Ltd for ~Rs 493 crore. The copy of the High Court Order will now be filed with the Registrar of Companies, NCT of Delhi & Haryana and the Scheme will be effective from appointed dates specified in the Scheme



Commenting on the landmark development, Mr. Rattan Jindal, Chairman and Managing Director, JSL, said,

“Our group has always been working on the philosophy of being value enhancing to all the stakeholders, with the Hon. High Court approving the scheme of arrangement, the scheme will not only be helping unlocking value for all stakeholders of the Company to increase its profitability but will also help in reducing debt in the Company and strengthen the balance sheet. This will also help improving debt serviceability, while increasing capacity utilization and enabling backward integration of the value chain of the Company’s Odisha Plant”.

The current long term debt of the company stands at ~ Rs. 8500 Crs.

Salient features of the Scheme include:-

1. Demerger of the Demerged Undertakings (as defined in the Scheme) of the Company, inter alia, comprising the ferro alloys division and the mining division of the Company and vesting of the same in Jindal Stainless (Hisar) Ltd (a wholly-owned subsidiary of the Company) in accordance with Section 2 (19AA) of the Income Tax Act, 1961. As part of the Scheme, the shareholders of the Company will be issued shares by Jindal Stainless (Hisar) Ltd (“JSHL”) as per the share entitlement ratio of 1:1
2. Transfer of the Business Undertaking 1 (as defined in the Scheme) of the Company comprising, inter-alia, the stainless steel manufacturing facilities located at Hisar, Haryana and vesting of the same with JSHL on a going-concern basis by way of a Slump Sale (as defined in the Scheme) for a lump sum consideration of ~Rs. 2809 crs to be discharged in the manner provided in the Scheme in accordance with Section 2 (42C) of the Income Tax Act, 1961 (*Slump Sale 1*)
3. Transfer of Business Undertaking 2 of the Company comprising, inter-alia, the hot strip plant of the Company located at Odisha and vesting of the same with Jindal United Steel Ltd (“JUSL”) on a going-concern basis by way of a Slump Sale for a lump sum consideration of ~Rs. 2413 Crs to be discharged in the manner provided in the Scheme in accordance with Section 2 (42C) of the Income Tax Act, 1961 (*Slump Sale 2*)
4. Transfer of Business Undertaking 3 of the Company comprising, inter-alia, the coke oven plant of the Company located at Odisha and vesting of the same with Jindal Coke Ltd on a going-concern basis by way of a Slump Sale for a lump sum consideration of ~Rs. 493 Crs to be discharged in the manner provided in the Scheme in accordance with Section 2 (42C) of the Income Tax Act, 1961 (*Slump Sale 3*)



The Composite Scheme of Arrangement (Scheme) among Jindal Stainless Ltd and Jindal Stainless (Hisar) Ltd and Jindal United Steel Limited and Jindal Coke Ltd and their respective Shareholders and Creditors was approved by the Board of Directors (Board) in its meeting held on 29 December 2014 and was filed with BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE) on 02 January 2015.

Subsequently, SEBI conveyed its comments on the Scheme to the stock exchanges vide its letter dated 19 March 2015. Thereafter, BSE and NSE also issued their Observation Letters to the Company vide their letters dated 20 March 2015. In view of the observations/comments of SEBI, BSE & NSE, the draft Scheme approved by the Board on 29 December 2014 was suitably amended and approved by the Board through circulation on 24 March 2015

“Copy of approval Order will be filed with Registrar of Companies, NCT of Delhi & Haryana and Scheme to be effective from appointed dates specified in Scheme, which will ensure long-term stability of the Company and thus allowing focused management of different business verticals”, added Mr. Jindal.