



13th May, 2021

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Sub.: Press Release

Dear Sir(s),

We are enclosing herewith copy of Press Release being issued by the Company today.

Kindly host the same on your website.

Thanking You.

Yours Faithfully,
For **Jindal Stainless Limited**

Navneet Raghuvanshi
Company Secretary

Enclosed as above



Jindal Stainless Limited

CIN: L26922HR1980PLC010901

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Press Release

Jindal Stainless Limited gets a major credit re-rating

CRISIL Ratings assigns 'CRISIL A+/Stable' to long-term credit facilities of JSL

New Delhi, May 13, 2021: In a first-ever development, CRISIL Ratings has assigned 'CRISIL A+/Stable' rating to the long-term credit facilities of Jindal Stainless Limited (JSL). Short-term credit facilities of JSL have been rated 'CRISIL A1'. Earlier, in January this year, JSL was accorded ratings of 'IND BBB+' and 'CARE BBB+' by India Ratings and Research and CARE Ratings respectively for the long-term debt facilities. The present rating is three notches higher than the earlier ratings.

Among the major determinants acknowledged by CRISIL for the ratings is the superior market position with a sizeable quantum of exports and significant improvements in overall operating efficiency ensuring stable profitability. CRISIL has also taken into account a significant improvement of financial risk profile with consistent debt reduction over the past few years. The ratings also endorse efficient working capital management by the Company.

Commenting on this development, **Managing Director, JSL, Mr Abhyuday Jindal** said, **"This rating is a testament to a strong business model at JSL and the inherent strengths of the group to continue delivering strong business performance. It acknowledges considerable deleveraging, as we have reduced the debt by around 35%, and we intend to maintain our focus on robust balance sheet management. In this hour of need, we are also proud to contribute towards Atmanirbhar Bharat not only through manufacturing, but also by ramping up oxygen supplies to various parts of the country."**

The rating also factored in a healthy business profile of the Jindal Stainless group, which is the market leader in the domestic stainless steel industry in India. Furthermore, CRISIL has taken note of the strong consolidated business entity that will emerge after the merger of the JSL & Jindal Stainless (Hisar) Limited, which is currently under process. This merged entity will have a large scale of operation with a high market share along with a diversified product basket.

Excerpts from the reports:

Superior market position coupled with a sizeable export presence:

"The group through its manufacturing plants in Hisar, Haryana (JSHL plant with capacity of 0.8 mtpa) and Jajpur, Odisha, (JSL plant with 1.1 mtpa), is the largest manufacturer of SS flat products in India. Capabilities to manufacture a wide variety of grades across all series of SS (mainly 200, 300 and 400 series – classified based on exact content of nickel and other alloys) has helped the group cater to a diversified end-user base, comprising automobile-railway-transportation (ART), architecture-building-construction (ABC), process industries (food and pharma), consumer goods (durables, kitchenware), and healthcare (equipment)... Both the plants together export nearly 16% of overall production (during first nine months of fiscal 2021 [9MFY21]). Its major export markets include, Europe, South East Asia, and Middle East.

Improvement in operating efficiencies:

While profitability is largely dependent on price of inputs (mainly nickel and chrome ore) and the product mix (200, 300, 400 series), the group has taken several measures that has led to improvement in its operating performance. In JSL's plant it has installed a railway siding to transport raw material

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and finished goods leading to savings on logistics costs and substituted high cost propane with cheaper coke oven gas. Furthermore, the JSL plant is located in Odisha, which has 93% of India's chromite ore reserves (apart from nickel, chrome is key input in making SS) and is supported by a captive power plant of 264 megawatts (MW) which covers bulk of its electricity requirement. These initiatives coupled with stable demand indicators led to significant improvement in capacity utilisation with production rising from 0.45 mt in fiscal 2015 to 0.97 mt in fiscal 2020... CRISIL Ratings expects group to maintain its strong market position, diversified product segments and ability to manage fluctuations in raw material prices.

Significant improvement in financial risk profile over the past few fiscals supported by debt reduction:

Higher utilisation levels, coupled with healthy realisations led to significant rise in operating profitability for JSL, with EBTIDA/tonne (consolidated) increasing to Rs 15,481 during 9MFY21 rising from Rs 13,661 in fiscal 2019. Consequently, JSL has been able to substantially reduce consolidated external debt levels to Rs 2,124 crore as on December 31, 2020, from Rs. 3,488 crore as on March 31, 2019. JSHL too has pared its consolidated debt to Rs 2,009 crore from Rs 2,367 crore, over the same period. CRISIL Ratings understand that the group continued to reduce debt in the last quarter of fiscal 2021, resulting in repayment of nearly Rs 1,700 crore of debt in fiscal 2021 (which included prepayment of around Rs 1,100 crore which represents bulk of their scheduled term debt obligations over the next two fiscals) between the two companies, underpinning the strong focus of the management towards debt reduction.

With further debt reduction in the last quarter of fiscal 2021 and scheduled repayments in fiscal 2022, CRISIL Ratings expects the interest coverage to improve to over 5 times and net debt/EBITDA to be less than 1.5 times, at the group level for fiscal 2022.

Prudent working capital management:

Further, with improving scale the group saw better bargaining power with suppliers and customers. Receivables for both entities have been below 30 days over the last three fiscals, while payables ranged between 75-90 days. The group has taken several steps to minimise inventory levels, especially that of nickel (which is the costliest input material) through regular monitoring, in order to minimise any impact of price volatility. It also maintains a healthy order book to better manage pricing risk.”

Full Report link: <https://www.crisil.com/en/home/our-businesses/ratings/company-factsheet.JINSL.html>

MD's Twitter handle:

<https://twitter.com/abhyudayjindal>

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