



02nd February, 2022

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Security Code No. : JSL

Sub.: Press Release

Dear Sir(s),

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

Kindly host the same on your website and acknowledge receipt of the same.

Thanking You.

For Jindal Stainless Limited


Navneet Raguvanshi
Head Legal & Company Secretary

Enclosed as above

Jindal Stainless Limited

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Ind-Ra upgrades Jindal Stainless Limited to 'IND AA-/Stable: Off RWE' rating with stable outlook

New Delhi, February 1, 2022: India Ratings and Research (Ind-Ra) has upgraded the long-term issuer rating assigned to Jindal Stainless Limited (JSL) to 'IND AA-' with a stable outlook, while resolving the Rating Watch Evolving (RWE). The agency had previously assigned 'IND A+/RWE' rating to JSL's long-term credit facilities. As per the report released by Ind-Ra, the upgrade and RWE resolution factor in the improved visibility on the amalgamated business and financial profile of JSL and Jindal Stainless (Hisar) Limited (JSHL), continued deleveraging across the group entities, improvement in terms of product mix, improved credit terms with suppliers, and healthy balance sheet liquidity. Earlier this month, CRISIL Ratings had assigned 'CRISIL AA-/Stable' rating to the long-term bank facilities of JSL.

Further, India Ratings believes that JSL's strong EBITDA/tonne is expected to remain higher than the historical average given the improved product mix, cost saving measures, and operating leverage accomplished by the Company. Ind-Ra has also upgraded the rating assigned to JSHL's credit facilities to 'IND AA-' with stable outlook.

Commenting on this upgrade, **Managing Director, JSL, Mr Abhyuday Jindal** said, ***"This rating upgrade underlines our agile business strategy. We continue to maintain focus on financial and operational discipline. Agility in our product mix to overcome market volatility has held us in good stead. With our brownfield capacity expansion on track, we expect to further strengthen our domestic and international footprint."***

Excerpts from the India Ratings report:

Accelerated deleveraging supported by high profitability: *"The group has continued to demonstrate strong free cash flow generation, leading to significant deleveraging over FY21-1HFY22. The group's external debt (including letters of credit (LC) acceptances) stood at INR67billion at 1HFYE22 (FYE21: INR65 billion). Ind-Ra expects the group's and JSL's debt (including LC acceptances) to remain at similar levels at FYE22, as the group is stepping up its capex. Additionally, the working capital requirements would increase in line with the increased sales price and volume. However, within the overall debt, the term debt reduced to INR26 billion at 1HFYE22 (FYE21:INR29 billion), while the LC acceptances increased to INR32 billion (INR26 billion) due to a growth in the scale of operations during 2QFY22. The entity is working*

towards achieving a greater quantum of clean credit from its suppliers, which could enable it to reduce the overall level of acceptances in relation to the scale of operations.”

Capex to Aid Business Position Globally: “The merger of JSL and JSHL would create a large stainless steel entity, with a likely revenue of INR300 billion during FY22. The combined entity would be among the top 10 players globally, with a capacity of 1.9 million tonne per annum (mtpa). Post the planned expansion over the next two years, the scale of operations the capacity would reach 2.9mtpa. The capex undertaken at JSL is being implemented at one-third of the costs involved in setting up a greenfield project, which would provide meaningful support to aid the project’s internal rate of return even in a scenario of weak EBITDA generation. The capex for the expansion is spread across JSL and JSHL. JSHL’s capex would focus on strengthening the product mix and value-added products through expanding its precision strip and blade steel capacity by 3x and 1.7x, respectively, across two phases each; this capex is likely to be commissioned latest by 2QFY24.”

Strengthened Group Linkages: “While the formal merger between the two entities might be completed during FY23, Ind-Ra believes the linkages between the two entities are already fairly strong, with the presence of cross corporate guarantees, common promoters and other operational and strategic linkages. Furthermore, and the fungibility between JSHL and JSL increased in FY21, as evident from the intercorporate loans from JSHL to JSL rising by IN1.5 billion during the year.”

Strong Operating Performance, Pinned on Market Dynamics and Business Strengths: “During 1HFY22, the group’s operating performance benefited from healthy prices (average realisations - 1HFY22: INR175k/t; FY21: INR143k/t), cost efficiencies, strong capacity utilisation (1HFY22: 91%, FY21: 76%), and favourable changes in the domestic: export ratio and product mix. This enabled the group to report consolidated EBITDA of INR21billion during 1HFY22 itself (FY21: INR24 billion), with EBTIDA/t of INR26k/t (FY21: INR17k/t). Ind-Ra expects the EBITDA/t to remain at healthy levels of INR16k/t-17k/t over the medium term, with 90% capacity utilisation to be maintained through FY22 and FY23. Ind-Ra expects the demand momentum to be sustained on the back of healthy domestic demand and balanced imports.”

Link to the full report:

<https://www.indiaratings.co.in//PressRelease?pressReleaseID=57392&title=India-Ratings->

[Upgrades-Jindal-Stainless-%26-its-NCDs-to-%E2%80%98IND-AA-%E2%80%99%2FStable%3B-Off-RWE](#)

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