February 17, 2021

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Sub: Press Release

Dear Sirs,

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

Kindly host the same on your website.

Thanking you,

Yours faithfully,
For **Jindal Stainless (Hisar) Limited**

Jindal Stainless (Hisar) Limited

(Bhartendu Harit)
Company Secretary

Encl. As above

Press Release

India Ratings & Research assigns IND A/RWE to Jindal Stainless (Hisar) Limited's credit facilities

New Delhi, February 17 2021: For the first time, the long-term credit facilities of Jindal Stainless (Hisar) Limited (JSHL) have been assigned IND A/RWE rating by India Ratings and Research (Ind-Ra). Additionally, JSHL's short-term credit facilities were assigned IND A/RWE/INDA1 by the agency. This rating factors in a string of positive developments at JSHL in the last few months, despite pandemic-induced disruptions. Ind-Ra has placed the Company's long-term rating on RWE (Rating Watch Evolving), owing to the proposed merger between JSHL and Jindal Stainless Limited (JSL) that is being monitored by the agency.

Managing Director, JSHL, Mr Abhyuday Jindal said, *"**JSHL enjoys immense financial flexibility, given its scale of operations and a diversified product mix. Ind-Ra has acknowledged JSHL as a competent entity in meeting its entire financial obligations. The assigned rating indicates a positive financial profile of JSHL, despite COVID-related disruptions that temporarily halted business activities. The agency is also expecting a positive outcome from the proposed merger between JSL & JSHL.**"*

As a part of its rating process, Ind-Ra has recognized significant debt reduction by JSHL and a strong domestic demand post the peak-COVID period while assigning credit facilities ratings. These led to a healthy improvement in the Company's balance sheet. The agency has noted JSHL's merger with JSL, along with JSHL's adequate liquidity position and diverse product profile as key drivers for the assigned ratings. Ind-Ra has upheld that the proposed merger will result in an 'Industry leading business profile supported by large scale of operations, high market share and greater diversification across end-user segments'.

Excerpts from the reports:

Expected benefits of proposed merger:

"The management believes the proposed merger of JSHL into JSL will create a large stainless steel entity, globally among the top 10, with a capacity of 1.9 million metric tonne(MT) per annum… Ind- Ra expects the combined entity post-merger to have a more diversified end-customer base; higher bargaining power with raw material suppliers given the scale of operations; diversified plant operations (Jaipur (Odisha) and Hisar (Haryana)); higher share of speciality products and a more balanced ratio of domestic-to-export sales. Additionally, the agency believes operational diversification will stem from JSL's Jajpur plant offering benefits of efficient raw material procurement and export markets, due to port proximity (Paradip, Dhamra and Vizag) while JSHL's Hisar plant benefits from its proximity to the domestic consumption hub in northern India

Sharp Recovery from Covid-19 disruptions:

JSHL's standalone as well as consolidated revenue recovered completely in 2QFY21 to its pre-COVID-19 levels, led by strong domestic pent-up demand…Ind-Ra expects this strong demand momentum to be sustained over 2HFY21, led by controlled imports and the swift recovery in domestic demand. Ind-Ra expects JSHL's volumes to grow by around 13% yoy in 2HFY21 to about 350,000 tonnes, thereby restricting the sales volume decline in FY21 to *about 9%. JSHL's 9MFY21 volume decline reduced to 13% yoy as 3QFY21 volumes grew at 23% yoy.*

Significant Debt Reduction plans:
The management has enhanced focus on strengthening the balance sheet over FY21, with accelerated long-term debt repayments using strong free cash flows achieved by strong profitability; optimised working capital cycle and low capex outflows in FY21. Ind-Ra expects JSHL to reduce its total loans (excluding LC acceptances) by around INR4 billion to around INR17.6 billion over FY21 (9MFY21:INR20.1 billion; FY20:INR22 billion) through expected healthy operating free cash flows of around INR5.2 billion (INR1.9 billion; INR5.7 billion).

Liquidity Indicator – Adequate:
The consolidated fund-based limit and non-fund-based limit utilisation was about 50% and 60%, respectively, for the 12-months ended December 2020. As of December 2020, JSHL had INR0.01 billion of cash and equivalents and INR2 billion of unutilised fund-based credit lines against the available drawing power. JSHL's management plans to prepay FY22's scheduled debt repayments of INR2.7 billion in FY21, along with FY21's scheduled repayments of INR1.4 billion."

MD's Twitter handle:
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