JINDAL STAINLESS

January 4, 2022

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P J Towers,
Dalal Street, Fort, Mumbai – 400 001
Email: corp.relations@bseindia.com
Security Code No.: 539597

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot no. C/1, G Block
Bandra-Kurla Complex, Bandra (E),
Mumbai-400051
Email: cmlist@nse.co.in
Security Code No.: JSLHISAR

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 (Hisar) Limited,**

Bhartendu Harit
Company Secretary

JINDAL STAINLESS (HISAR) LIMITED

Jindal Stainless (Hisar) Limited
CIN: L27205HR2013PLC049963
Corporate Office: Jindal Centre, 12, Bhikaji Cama Place, New Delhi -110 066, India
Registered Office: O.P. Jindal Marg, Hisar - 125005 (Haryana), India
T: +91-1662-222471-83, F: +91-1662-220499
E: info@jslhsr.com, W: www.jshlstainless.com

CARE Ratings upgrades JSHL Rating to CARE AA- with stable outlook

New Delhi, January 4, 2022: In a major rating upgrade assigned by CARE Ratings, the ratings assigned to the long-term bank facilities of Jindal Stainless (Hisar) Limited (JSHL) have been upgraded from CARE A+ to CARE AA- with a stable outlook. The rating for short-term bank facilities of the Company has been reaffirmed at CARE A1+. As per the report released by CARE, the ratings derive strength from the experience of the group and its dominant market position in the stainless steel industry. The standalone and combined business and financial risk profiles of JSL and JSHL, as stated by CARE, have broadly converged over the last one year.

The upgrade factors in significantly better-than-expected operational and financial performance of JSHL and Jindal Stainless Limited (JSL) during the current fiscal year, supported by growing sales volumes with greater proportion of value-added products. Commenting on this upgrade, **Managing Director, JSHL, Mr Abhyuday Jindal** said, ***"The ratings reflect our perennial focus on fundamentals; which is constituted of financial prudence, operational efficiency, and a healthy product mix. Despite volatility in prices of input materials, we have been able to maintain our margins. Our capacity expansion plans are on track, which will augment the proportion of specialty stainless steel in Hisar's offerings, both for our domestic as well as international markets."***

Excerpts from the CARE Ratings report:

Detailed Rationale & Key Rating Drivers: *"…increase in exports, and healthy sales realizations amidst strong industry upcycle and better product mix resulted in robust operating profit and cash accruals during H1FY22. The revision in the ratings also favorably factors in a consistent reduction in combined term debt levels of JSHL and JSL culminating in reduced finance cost, improvement in gearing and debt metrics and a stronger liquidity position. Going forward, the group is expected to sustain its healthy operating performance and maintain a comfortable leverage profile on the back of continually high stainless-steel prices and expectation of better volumes in seasonally better H2FY22 period after recession of monsoon season. CARE Ratings believes that the recently started brownfield expansion of 1 million tonnes per annum (MTPA) in JSL and ongoing expansion in special products division in JSHL will not materially increase the leverage ratio at the combined level as fresh drawdown of project related debts shall be largely offset by debt repayments on the back of healthy profitability and accruals. The ratings continue to derive strength from the experience of promoters and management and the group's established track record.*

Strong operational performance*: CARE believes that group's normalized PBILDT per tonne shall remain higher than average of FY19-FY21 due to various measures undertaken by the group* *such as cost efficiency driven by higher volumes, shift in product basket, improved PLF at power plant, optimal usage of induction furnace, benefits from railway siding, gradual localization of raw material imports and resultant benefits on logistics costs, holding costs and fluctuation on raw materials and forex.*

Sizeable deleveraging: *Higher capacity utilization, better sales volumes, higher sales realization and resultant generation of higher cash accruals has contributed towards term debt reduction and improvement in financial risk profile in H1FY22. The overall gearing (including acceptances) of the group improved and stood comfortable at 0.93x as on September 30, 2021 as compared with 1.09x as on March 31, 2021 (1.62x as on March 31, 2020). With repayments and pre-payments, the group has been able to reduce its term debt on a combined level by Rs.1,771 crore over the last 6 quarters from Rs.4,286 crore as on March 31, 2020 to Rs. 2,515 crore as on September 30, 2021. The debt coverage ratios of the group has also improved marked by total debt to annualized PBILDT ratio of 1.38x as on September 30, 2021 (2.32x as on March 31, 2021) owing to healthy profitability during H1FY22. The interest coverage ratio also jumped to 10.74x during H1FY22 (H1FY21- 2.03, FY21- 3.62x) backed by decline in the interest cost coupled with healthier PBILDT.*

Emphasis on value-added products with sizable exports presence: *"The group manufactures a wide range of stainless-steel products – plates, hot rolled annealed pickled (HRAP) coils and cold rolled annealed pickled (CRAP) coils – for various commercial and industrial applications. The group manufactures various grades of stainless steel namely, 200-grade, 300- grade and 400-grade. Furthermore, the group also makes specialty stainless steel and other value-added products which yield relatively higher returns compared to other commoditized stainless-steel products. Over the past two years, the group has been increasing its focus on higher-margin products…"*

Impending merger of JSHL in JSL: *The merger of JSL and JSHL will create one of the largest stainless-steel entity with a total capacity of 1.90 MTPA. Subsequent to the merger, the combined entity is expected to have more diversified operations, wider presence both domestically as well as globally, higher bargaining power with the suppliers and will become one of the top ten global stainless-steel manufacturers. Post-merger JSL will be a single entity with promoter holding of 57.12% fully diluted while the remaining will be held by public. Shareholders of JSHL shall be issued equity shares in the ratio of 1:1.95. Besides, CARE expects the merger is expected to bring in more financial flexibility to the group. Moreover, it will result in reduction in debt in JSL to the tune of Rs.1,050 crore as on March 31, 2021 being inter-corporate deposits extended by JSHL to JSL and cancellation of cross guarantees and investments. The merger is subject to various approvals from statutory authorities, the group* *has received approval from stock exchange/SEBI in March, 2021 and first motion application file was filed with NCLT on March 17, 2021.*

###

MD's Twitter handle:
https://twitter.com/abhyudayjindal

Follow us on:

Website- https://www.jshlstainless.com/press-releases/
Twitter- https://twitter.com/Jindal_Official
Facebook- www.facebook.com/JindalStainlessOfficial
LinkedIn- www.linkedin.com/company/jindal-stainless/