



03rd November, 2022

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Security Code No. : JSL

Sub.: Press Release

Dear Sir(s),

We are enclosing herewith copy of Press Release in respect for the unaudited financial results of the Company for the quarter and half year ended on 30th September, 2022.

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

Thanking You.

For **Jindal Stainless Limited**



Navneet Raghuvanshi
Head Legal & Company Secretary

Enc. as above

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Jindal Stainless Limited

Financial Results for the Quarter ended September 30, 2022

Q2FY23 Highlights

Standalone performance:

- Revenue at INR 5,442 crores; up by 13% YoY
- EBITDA at INR 411 crores; down by 42% YoY
- PAT at INR 189 crores; down by 48% YoY
- Sales volume registered at 270,360 metric tonnes
- Net lenders' debt stood at INR 1,779 crores

Consolidated performance:

- Revenue stood at INR 5,605 crores; up by 11% YoY
- EBITDA at INR 358 crores; down by 52% YoY
- PAT at INR 152 crores; down by 63% YoY

Gurugram, November 3, 2022: The Board of Directors of Jindal Stainless Limited (JSL) announced the unaudited financial results for the quarter ended September 30, 2022. JSL's standalone revenue, EBITDA, and PAT stood at INR 5,442 crores, INR 411 crores, and INR 189 crores respectively during Q2FY23. The Company recorded a sales volume of 270,360 metric tonnes (MT). JSL's net external debt reduced to INR 1,779 crores as on September 30, 2022, and its net debt-to-equity ratio improved to ~0.5, which is among the best in the metal sector. On a consolidated basis, JSL's revenue stood at INR 5,605 crores, EBITDA at INR 358 crores, and PAT at INR 152 crores during Q2FY23.

Globally, demand for stainless steel decelerated throughout Q2FY23. This can be attributed to subdued demand in real estate and construction sectors, high energy costs, and aggressive rate hikes by FED, among other reasons.

On the domestic front, demand from end-user segments continued to be strong. With JSL's agility in sales planning, the Company enhanced its focus on domestic sales. As a result, ~95% of JSL's total sales volume in Q2FY23 catered to domestic customers. This agile approach also focused on continued efforts for development of new grades aligned with evolving customer requirements, timely deliveries, and proactive redressal of customer concerns. The Company's MoU scheme in FY23 and its focus on acquiring new OEM customers garnered positive sentiments. These factors together led to an increase in JSL's sales volume.

Demand continued to remain steady in the automobile sector during Q2FY23, registering a growth of nearly 28% on QoQ basis. The Company supplied new stainless steel grades including 432, along with existing grades like 436L and 439 to auto majors. In the ornamental pipe and tube (P&T) segment, average sales in Q2FY23 increased by 41% over Q1FY23. Demand was also strong in the lift and elevators segment.

Indian Railways continued its thrust on increasing its share of business in freight. This led to a 25% jump in JSL's sales to the railway wagon segment during Q2FY23. Going forward, Vande

Bharat trainsets will remain a major focus area for Railways. It is also heartening to note that India is expected to invest INR 80,000 crore in metro projects over the next 5 years.

Other key developments:

1. **Impact of export duty imposition:**

Despite being suppliers of high quality products, the cost competitiveness of the Indian stainless steel manufacturers has been severely affected by the government's decision to impose a duty on the export of stainless steel products. This has led to a fall of 60% in the Indian exports of stainless steel flat products between Jun-Aug'22 (as per the Ministry of Commerce), thus widening the trade deficit. On one hand, this has disrupted the ongoing expansion plans of domestic producers. On the other hand, it has led to a lack of trust in Indian policies among global customers. Overall, this decision is damaging India's reputation as a reliable stainless steel exporter.

It is noteworthy that the export duty has been invoked at a time when the domestic industry is struggling with continuous dumping of stainless steel imports from China and Indonesia.

With its offerings adhering to global quality standards, JSL has traditionally maintained a high-end product mix for niche stainless steel solutions. However, the imposition of export duty has adversely impacted the Company's international sales.

The split of domestic and export volumes in JSL's total sales during Q2FY23 was as follows:

Geographical Segment	Q2FY23	Q1FY23	Q2FY22
Domestic	95%	75%	77%
Export	5%	25%	23%

2. **Update on JSL-JSHL merger:** Post approval from the shareholders and creditors of JSL and JSHL on April 23, 2022, both Companies had filed the second motion petition with the Hon'ble NCLT, Chandigarh. While hearing the second motion application on July 13, 2022, the Hon'ble NCLT directed issuance of notice(s) to the sectoral regulator(s). The next hearing is scheduled for November 11, 2022. The Companies expect the merger process to be completed within the current financial year.
3. **Update on JUSL acquisition:** The shareholders of JSL approved the acquisition of 74% stake of JUSL from OPJSTL through postal ballot with an overwhelming majority on September 3, 2022.
4. **R&D highlights:** JSL successfully developed and stabilized various stainless steel grades in the 400 series. The Company also concluded multiple strategic orders for specialty grades in the lean duplex family. Additionally, JSL dispatched its first ever order of 304 grades for ISRO's critical applications. The Company is also collaborating with external institutions to improve the recovery of Chromium from discarded Fe-Cr slag.

5. **Update on Renewable Energy and ESG efforts:** JSL has initiated 'Project Samanvay' with Ernst & Young (EY) LLP in order to:

- i) achieve its environmental, social, and governance (ESG) goals, and
- ii) predict greenhouse gas (GHG) emissions and set carbon neutrality targets in accordance with the Science Based Target initiative (SBTi).

On the ESG front, JSL is conducting real-time environment surveillance at various locations to monitor air (ambient air and stack) and water quality and analyse work zone, effluents, and noise. The Company is also actively evaluating renewable energy projects for its power requirements, including EVs for its green fleet. Furthermore, the Company also carried out a plantation drive of 2,558 trees inside the premises during Q2FY23.

On the GHG emissions front, the Company has set an organizational target to reduce its carbon emissions by 1 lakh tonnes in FY23 for the merged entity.

6. **Projects update:** The ongoing brownfield expansion project at JSL to nearly double its melt capacity to 2.1 million tonnes per annum is on track and is expected to be completed in FY23.

Financial Performance Summary (figures in INR crores):

Particulars	Standalone					
	Q2FY23	Q2FY23	Change	H1FY23	H1FY22	Change
SS Sales Volume (MT)	270,360	256,664	5%	505,890	494,516	2%
Total Revenue (net)	5,442	4,815	13%	10,779	8,656	25%
EBITDA	411	711	(42)%	934	1,290	(28)%
PAT	189	363	(48)%	476	634	(25)%
Particulars	Consolidated					
	Q2FY23	Q2FY22	Change	H1FY23	H1FY22	Change
Total Revenue (net)	5,605	5,027	11%	11,079	9,059	22%
EBITDA	358	748	(52)%	907	1,349	(33)%
PAT	152	412	(63)%	481	717	(33)%

On a half-yearly basis, H1FY23 standalone sales volume stood at 505,890 metric tonnes, up by 2% over H1FY22. The net revenue, EBITDA, and PAT of the Company were INR 10,779 crores, INR 934 crores, and INR 476 crores respectively. JSL's interest cost reduced by 8% to INR 147 crores for H1FY23 as compared to corresponding period last year. On a consolidated basis, JSL's net revenue, EBITDA, and PAT were recorded at INR 11,079 crores, INR 907 crores, and INR 481 crores respectively during H1FY23.

Management Comments:

Commenting on the Company's performance, **Managing Director, JSL, Mr Abhyuday Jindal** said, **"Owing to the current export duty levied by the Indian government, JSL's exports saw a significant dip during Q2FY23. However, an agile business model allowed us to efficiently**

increase our sales volumes across domestic segments, and achieve highest-ever quarterly domestic sales. The Company's continued efforts towards increasing its domestic customer base aided this achievement. We are committed to make India 'Atmanirbhar' in its growing stainless steel requirements through future-ready and sustainable solutions."

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