

CARE upgrades JSL's credit facilities rating to "CARE BBB" with stable outlook

New Delhi, August 28, 2020: CARE Ratings, a leading credit rating agency in India, has upgraded the rating of the credit facilities of Jindal Stainless Limited (JSL) to 'CARE BBB' with a stable outlook. The previously assigned rating by CARE was that of 'CARE BBB-'. Given JSL's strong financial and operational profile, the improved rating reflects a resilient business strategy despite interruptions caused due to pandemic over past few months. CARE Ratings factors in the steady growth in the Company's sales and stable operating performance over a period of FY18 to FY20. CARE Ratings has upheld the Company's leadership position in the domestic stainless steel market. This is a testimony to the increased financial flexibility of JSL after its CDR exit and its consistent efforts for debt reduction. **Managing Director, JSL, Mr Abhyuday Jindal** said, *"This improved rating is continued validation of JSL's performance. CARE Ratings take into account strong operating metrics and competitive strengths of JSL in the stainless steel market. It underscores the consistently improving performance in asset turnover, healthy per-tonne operating profits, and reduced debt levels. I am confident that the measures proposed by the government, to curb arbitrary and irrational imports that causes wanton injury to Indian manufacturing, will provide a much needed support to the stainless steel sector."*

CARE Ratings reports JSL's key rating drivers as, *"steady growth in the company's sales volumes and stable operating performance through the period FY18 to FY20 (FY refers to the period from April 1 to March 31), characterised by improving asset turnover and healthy per-tonne operating profits, which coupled with an improvement in gearing owing to reduction in debt levels, resulted in healthy cash accruals. The revision in the ratings also takes into consideration the company's successful exit from corporate debt restructuring (CDR) effective March 2019 which is likely to provide it better operational and financial flexibility. The ratings continue to derive strength from the extensive experience of the promoters and the management having a considerable track record in the stainless steel industry....These rating strengths are, however, tempered by the leveraged, albeit improving, capital structure, susceptibility of its realisations and margins to volatility in raw material prices as well as cheap imports and foreign exchange rates and cyclicalities inherent in the stainless steel industry"*.