

Fitch's India Ratings and Research reaffirms 'IND BBB' to Jindal Stainless Limited with stable outlook

New Delhi, August 24, 2020: Jindal Stainless Ltd. (JSL), India's largest stainless steel producer, has been reaffirmed a long-term issuer rating of 'BBB' with a stable outlook by India Ratings and Research (Ind-Ra). The Company sustained its rating despite operational disruptions caused due to COVID-19. This is a testimony to the increased financial flexibility of JSL after its CDR exit and its consistent efforts for debt reduction. Ind-Ra has expressed confidence in the Company as domestic and export markets for stainless steel are expected to recover to pre-COVID-19 levels by 2HFY21. A Rs 800 crore fund recently raised by JSL has also been assigned 'BBB' rating. Commenting on this development, **Managing Director, JSL, Mr Abhyuday Jindal said, "The consistent rating emphasizes JSL's comfortable debt and improved financial position. The report suggests an early recovery for stainless steel sector post COVID-19; a revival we are already witnessing. Our focus on operational efficiency and cost reduction, as mentioned in the report, will be sustained in the future as well."**

As per Ind-Ra report, JSL's rating has been sustained because of *"increased financial flexibility post exiting from Corporate Debt Restructuring"*. States the report, *"JSL can now pursue growth plans and look at diversifying its funding sources at more competitive rates....A continuous debt reduction through healthy operating free cash flows driven by strong EBITDA/tonne, healthy volume growth, modest capex, and a reduction in net working capital cycle"* has helped JSL to further consolidate its position. The report suggests recovery in JSL based on *"consolidated sales and profitability by 2HFY21 to the pre-COVID-19 levels, supported by JSL's global market presence and a resilient demand for stainless steel products"*. Commenting on the external trade environment, the Report states, *"imports in India from Free Trade Agreement (FTA) countries might continue exerting pressure on realisations and margins to some extent, as the global demand remains sluggish in the near term."*