



06th April, 2023

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Subject: Press Release

Dear Sir(s),

We are enclosing herewith copy of Press Release being issued by the Company.

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

Thanking you,

Yours faithfully,

For Jindal Stainless Limited



Navneet Raghuvanshi
Head Legal & Company Secretary

Encl. as above

Jindal Stainless Limited

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CRISIL raises Jindal Stainless' Outlook to AA-/Positive

New Delhi, 6 April, 2023: India's leading stainless steel manufacturer, Jindal Stainless Limited (JSL) has earned an outlook upgrade of '**Positive**' from 'Stable' from the CRISIL Ratings on the long-term bank facilities and debt programme, and a reaffirmed rating at '**CRISIL AA-**'. Meanwhile, the rating on the short-term bank facilities has been reaffirmed at '**CRISIL A1+**'. The rating agency has revised its outlook in view of the Company's improved business risk profile, an expected uptick in scale and forward integration with capacity expansion and acquisitions.

Some of the parameters that CRISIL Ratings took note of in order to elevate the outlook include the completion of the merger process of Jindal Stainless Hisar Limited (JSHL) with the Company, the healthy financial risk profile of the Company led by strong liquidity, its strategic acquisitions, an agile business model, and its capacity expansion to 2.9 million tonnes per annum. The Company's leadership position in the domestic stainless steel industry, efficient working capital management along with healthy demand outlook and sizable export presence were some of the other factors that contributed to the revised outlook.

Commenting on the development, **Managing Director, Jindal Stainless, Mr Abhyuday Jindal said, "The upgraded outlook by CRISIL Ratings is a significant recognition of Jindal Stainless' strong business fundamentals and its commitment to mitigating environmental and social risks. With our focus on creating a sustainable ecosystem, enhancing our melting capacities to fulfill the growing stainless steel demand and improving our environmental, social, and governance profile, we will continue to deliver the best-in-class stainless steel solutions to India and the world."**

As per the report, a strong domestic demand outlook has led to significant capital expenditure, which, along with operating efficiency, has led to sustainable improvement in EBITDA per tonne. Despite capacity addition, the Company's financial risk profile is expected to remain healthy. According to CRISIL Ratings, the business risk profile of the Company will continue to improve, given its focus on high-margin segments, synergies arising from its recent acquisitions, and completion of its planned capex in fiscal 2024. Financial risk profile is expected to remain healthy despite capex, aided by sustenance of its margin profile.

Excerpts from the report:

Superior market position coupled with adaptability in manufacturing process: "Capabilities to manufacture a wide variety of grades across all series of SS (mainly 200, 300 and 400 series — classified based on exact content of nickel and other alloys) — helps the group cater to a diversified end-user base comprising which includes consumer goods (durables and kitchenware), process industries (pharmaceuticals, dairy, etc), other equipment manufacturers, automobile-railway-transportation (ART) and architecture-building-construction (ABC). Further, the group can switch manufacturing between various grades of SS in around 45 days based on the demand scenario. During the first nine months of fiscal 2023, while export sales (typically of 300 series) were impacted due to the imposition of export duty, group was able to switch its manufacturing process and cater to the strong domestic demand (for 200 series), thereby reporting volume growth of ~5% on-year basis. Exports sales are however, expected to normalise going forward with withdrawal of the export duty."

Sustainable improvement in EBITDA per tonne led by operating efficiency:

“While realisations are largely dependent on the prices of inputs (nickel and chrome ore) and the product mix (200, 300, 400 series), the group has undertaken several measures that have improved its operating performance. The JSL plant has installed a railway siding and inland container depot to transport raw materials and finished goods, leading to savings on logistics costs, and has substituted high-cost propane with cheaper coke oven gas. Furthermore, the JSL plant is in Odisha, which has 93% of India’s chromite ore reserves (apart from nickel, chrome is a key input in making SS) and is supported by a captive 264 megawatt (MW) power plant which meets the bulk of its electricity requirement. Further, with acquisition of a stake in NPI smelter facility, the group is looking to secure its raw material requirement going forward. The group also has flexibility to shift production to SS series with lower nickel content (such as 400 and 200 series) depending on market conditions, which enhances sustainability of operations. Going forward, with healthy domestic demand and expected pick-up in export, CRISIL Ratings expects the group to generate EBITDA per tonne of more than Rs 18,000-20,000 on a sustained basis.”

Financial risk profile to remain healthy despite capacity addition: “Despite the ongoing capex, JSL group (including JSHL) reduced consolidated external net debt to Rs 3,355 crore as on December 31, 2022, from Rs 3,683 crore as on March 31, 2022, aided by healthy operating performance. Net debt to EBITDA stood at 0.7 times in fiscal 2022, compared to 1.3 times in fiscal 2021. In fiscal 2024 leverage levels are expected to increase due to addition of ~Rs 2,000 crore of JUSL debt, expected to result in net debt to EBITDA of 1.8-2.0 times. JUSL’s debt however does not have any significant debt repayment obligations till fiscal 2028, which will support liquidity and cash flow. The increase in leverage, however, is likely to be limited to the next fiscal as, expected improvement in operating profile resulting in healthy cash flows, should lead to moderation in leverage levels. Net debt/EBITDA to correct below 1.5 times over the medium term. Any significant debt funded capex/acquisition, resulting in deviation from this understanding, will be a key monitorable.

Key ESG highlights: “JSL is increasing share of renewable sources of energy in its overall energy consumption by installing 4,162 kilowatt peak solar photo-voltaic system. Also, it has entered into an agreement with ReNew Power to set up a renewable power plant under the group captive status. Also, the Company produces bulk of the SS from recycled scrap, thus reducing its requirement for natural resources such as nickel ore. The Company has also taken several safety measures and implemented programmes, which increase safe working procedures on manufacturing sites. For fiscal 2022, Company’s loss-time injury frequency rate stood at 0.06, which is significantly lower as compared to peers.

“Commitment of JSL to ESG principles will play a key role in enhancing stakeholder confidence, given the sizeable share of market borrowing in its overall debt and access to both domestic and foreign capital markets.”

About Jindal Stainless

Founded in 1970, Jindal Stainless (comprising JSL and Jindal Stainless (Hisar) Limited) has recorded a turnover of US \$4.20 bn (FY22). It has two stainless steel manufacturing complexes in India, in Hisar, Haryana and Jajpur in Odisha, as well as an overseas manufacturing unit in Indonesia. Besides, it has six service centres in India and one in Spain. It also has a worldwide network of 14 offices and 10 sales offices in India. The Company’s product range includes stainless steel slabs, blooms, coils, plates, sheets, precision strips, blade steel, and coin blanks.

Read the full report here:

https://www.crisilratings.com/mnt/winshare/Ratings/RatingList/RatingDocs/JindalStainlessLimited_April%2004,%202023_RR_316379.html

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