

Ref: ICRA/Piombino Steel Limited/31052022/1

Date: May 31, 2022

Mr. Vishal Shah

GM - Finance
Piombino Steel Limited
JSW Centre, Bandra Kurla Complex,
Bandra (East), Mumbai- 400 051

Dear Sir,

Re: ICRA rating for Rs. 2,500.00 crore Non Convertible Debenture (NCD) programme of Piombino Steel Limited

Please refer to the Statement of Work dated April 4, 2022 executed between ICRA Limited ("ICRA") and your company for carrying out the rating of the aforesaid NCD programme. The Rating Committee of ICRA, after due consideration, has assigned a long-term rating of **[ICRA]AA(CE)** (pronounced as ICRA Double A Credit Enhancement) with a **Stable** outlook to the captioned NCD, as mentioned in the table below.

| S. No. | Instrument | Amount (Rs. crore) | Rating Assigned |
|--------|------------|--------------------|-----------------------|
| 1. | NCD | 2,500 | [ICRA]AA(CE) (Stable) |

Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The letters CE in parenthesis suffixed to a rating symbol stand for Credit Enhancement. CE rating is specific to the rated issue, its terms, and its structure. CE ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

In any of your publicity material or other document wherever you are using our above ratings, it should be stated as "[ICRA]AA(CE) (Stable)"

Also, the rating committee of ICRA has assigned the rating without explicit enhancement at **[ICRA]BBB** (pronounced as ICRA triple B). In line with the SEBI circular dated June 13, 2019, both ratings i.e. the unsupported rating without factoring in the explicit credit enhancement and the supported rating after factoring in the explicit credit enhancement, shall be disclosed in the press release. In case either of the ratings is not accepted, both the ratings shall be considered as unaccepted. In line with the SEBI circular dated June 30, 2017, all the unaccepted ratings shall be disclosed by ICRA on its website and other publications.

Any intimation by you about the above rating to any banker/lending agency/government authorities/stock exchange would constitute use of the ratings by you and shall be deemed acceptance of the rating. This rating communication letter including the transaction structure in Annexure-I should necessarily be included in the issue documents/information memorandum as well as all legal documents executed by you for the purpose of the bond issue.

The ratings are subject to your company and the trustee ensuring compliance with the structure submitted to ICRA and the conditions / payment mechanism mentioned in Annexure I. The ratings are specific to the terms and conditions of the debt programme as indicated to us by you and any change in the terms or size of the proposed debt programme would require the ratings to be reviewed by us. In the event such changes occur after the ratings have been assigned by us and their use has been confirmed by you, the ratings would be subject to our review, following which there could be a change in the ratings previously assigned. Notwithstanding the foregoing, any increase in the over-all limit of the NCD from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

ICRA reserves the right to review and/or, revise the above ratings at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you. The ratings, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the instrument to be issued by you. The ratings assigned to the NCD of your Company shall require revalidation if there is any change in the size of the rated NCD.



ICRA

ICRA Limited

ICRA shall not be held responsible for non-compliance with any of the stipulated terms and conditions as well as any errors or misrepresentations of facts made by the Entity or the Trustee.

You are requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

Further, you are requested to inform us immediately as and when the borrowing limit for the instrument/loan facility rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the instruments issued by you

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,
Yours sincerely,
For ICRA Limited

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RATING • RESEARCH • INFORMATION



Annexure I

Key Terms of the Transaction

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|---|---|
| Issuer/ Company | Piombino Steel Limited ('Piombino') |
| Target | Bhushan Power & Steel Limited |
| Consortium / Option Providers | JSW Steel Limited and JSW Shipping & Logistics Private Limited |
| Instrument | Listed, Rated, Non-Convertible Debentures (" NCDs " / " Debentures " / " Bonds ") of Rs 2500 crores (" Issue Amount "). |
| Agreed Yield / Interest Rate | Zero coupon, interest compounded as per schedule and payable on maturity as redemption premium. |
| Final Redemption Date | 22 March 2024 |
| Settlement Price | All outstanding debt (including the Redemption Premium) |
| Options in relation to the Bonds | <p>Bond Purchase Event:</p> <ul style="list-style-type: none"> The Consortium may (jointly and severally) issue a notice to each bond holder (through the bond trustee, by delivering a notice to the bond trustee) to sell all but not less than all of their Bonds ("Bond Purchase Request Notice") at any time during the period commencing from 60 Business Days prior to the Redemption Date and ending on 18 Business Days prior to the Redemption Date ("Bond Purchase Event Period"). Each bond holder can communicate their acceptance to the Bond Purchase Request Notice to the bond trustee within a period of 10 Business Days from the date of receipt of the Bond Purchase Request Notice from the bond trustee. The sale and purchase of the bonds held by the bond holders who have communicated their acceptance to the Bond Purchase Request Notice ("Accepting Bond Holders") shall be completed by the Consortium on the date immediately falling 7 Business Days prior to the Redemption Date ("Bond Purchase Event Settlement Date") at the Settlement Price. <p>Put Option:</p> <ul style="list-style-type: none"> The put option on the Consortium (which shall be exercisable on a joint and several basis) ("Put Option") can be exercised by the bond holders (whose bonds are outstanding after the steps of Bond Purchase Event is over) by issuing a notice ("Put Option Notice") to the Consortium (through bond trustee). Upon exercise of the Put Option by the relevant bond holders, the Consortium will need to mandatorily purchase all the Bonds of the bond holders who have exercised the Put Option. The settlement of such Bonds will occur on the Redemption Date. <p>Deemed exercise of Put Option:</p> <ul style="list-style-type: none"> The put option will be deemed to be exercised (on a joint and several basis on the Consortium) by the Bond Holders (with outstanding bonds and no Put Option Notice has been issued) 2 business days prior to the Redemption Date Upon the deemed exercise of the put option, the Consortium shall pay the Settlement Price on the Redemption Date, directly in the account of each bond holder. |



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|------------------------------------|--|
| | <p>Accelerated Bond Purchase Event:</p> <ul style="list-style-type: none">• The Consortium (jointly and severally) have the right to request each bond holder (through bond trustee by issuing a notice) to sell all but not less than all of their Bonds ("Accelerated Bond Purchase Request Notice") upon the occurrence of an event of default.• Each bond holder can communicate within a period of 1-3 days from the date of notice from the bond trustee their acceptance to the Accelerated Bond Purchase Request Notice. The sale and purchase of the bonds held by the bond holders who have communicated their acceptance ("Accelerated Purchase Selling Bond Holders") shall be completed by the Consortium by the next business day from receipt of acceptance notice at the Settlement Price. <p>Accelerated Put Option:</p> <ul style="list-style-type: none">• Bond holders have the right of accelerated put option on the Consortium (on a joint and several basis) ("Accelerated Put Option") and the same shall be deemed to be exercised by the bond trustee (without any notice requirement) on behalf of all bond holders (whose bonds are outstanding after the steps of Accelerated Bond Purchase Event is over) .• Upon deemed exercise of the Accelerated Put Option by the relevant bond holders, the Consortium will need to mandatorily purchase all the Bonds, by paying Settlement Price, to all the Bonds of the relevant bond holders, by 1 Business Day from the date of the deemed exercise of the Accelerated Put Option |
| Extinguishment of NCDs | Upon receipt of payment of the entire outstanding debt by the Bond Holders and upon transfer of all the Bonds of such Bond Holder in favour of the Consortium, the liability of the Issuer to make any payment to any member of the Consortium in respect of all such Bonds shall stand extinguished and all such Bonds shall be deemed to have been redeemed in full and shall stand extinguished. |
| Joint and Several Liability | Each member of the Consortium shall be jointly and severally liable to pay the Settlement Price in full in respect of the Put Option and the Accelerated Put Option. Failure by any one member of the Consortium to honour its obligations under the Put Option/ Accelerated Put Option/ deemed exercise of the Put Option shall not in any way affect the obligation of the other member of the Consortium |
| Other Conditions | No other indebtedness of the Issuer with carve outs for existing debt as per terms Consortium shall have operational and management control on Issuer and Target JSW Steel to own minimum 49% in the Issuer at all times. The balance 51% can be held by JSW Group or any financial investor or any pre-approved Corporate Group No change in control of the Option Providers |