Jindal Stainless Limited reports Q1 PAT at Rs 67 crore

Key Highlights

Standalone (in Rs crore)

Particulars	Q1 FY 19-20	Q1 FY 18-19	% Change (YoY)	Q4 FY 18-19
PAT	67	91	(26)	32
Net Revenue	3,067	3,138	(2)	3,251
EBITDA	314	375	(16)	302

New Delhi, August 5, 2019: Jindal Stainless Limited (JSL) today announced financial results for its first quarter ended June 30, 2019. On a YoY basis, the Company recorded PAT and EBITDA for Q1FY20 at Rs 67 crore and Rs 314 crore respectively, slowing down by 26% and 16% respectively over Q1FY19. Net revenue at Rs 3,067 crore remained nearly flat compared to corresponding period last year. Total sales volume during the first quarter of the current fiscal year stood at 222,119 tonnes.

On a sequential quarter basis, Q1FY20 PAT registered a two-fold growth compared to Q4FY19. EBITDA for Q1FY20 rose by 4% over Q4FY19. The quarter also witnessed an exceptional gain of Rs 24 crore primarily on account of forex movement. Q1FY20 melt production was recorded at 245,416 tonnes, an increase of 9% over Q4FY19. The consistency in financial performance was achieved despite weak growth in certain macro-economic segments.

Commenting on the performance of the quarter, Managing Director, JSL, Mr Abhyuday Jindal, said, "Our performance in the first quarter indicates our strong financial position. The outlook for the business remains positive with the outlay of significant investments by the government in the union budget for Railways and infrastructure. However, we continue to face a challenge from high levels of imports, particularly from FTA countries like Indonesia and Vietnam. In the wake of these emerging business challenges, we have carried out an internal restructuring to sharpen our key focus areas. We have created a centralised team to serve as a knowledge bank, carve out new stainless steel applications through conversion from other materials, and develop new markets."

Railways and special grades segments led the demand in the first quarter of this fiscal. For the first time ever, the Company launched a co-branding scheme with more than 60 customers in Pipe and Tube segment. The initiative entails the right to use JSL's logo along with the Pipe & Tube manufacturer's logo in order to staunch the counterfeit market and increase the company's and its customers' share of wallet. The joint promotion activities involve marketing support through various media campaigns and training programs to create differentiation and value in the supply chain. Going ahead, the Company is eyeing increased consumption of stainless steel in new areas such as lifts and elevators, auto, and process industries.

The Indian stainless steel market is currently facing a serious threat from subsidised imports. Indonesian imports, which had leaped by ~14 times from FY18 to FY19, remained a grim concern in Q1FY20 as well. Indonesian imports accounted for over 28% of total imports into India during the quarter. Considering high injury levels caused by dumped and subsidized imports, the government has initiated an Anti Dumping Duty investigation in July 2019. The investigation will cover all stainless steel flat products from major exporting countries, such as Indonesia, China, Korea, Japan, Taiwan, etc. The investigation covers both ASEAN nations and FTA nations from where stainless steel imports are essentially duty-free. The benefits of the FTAs with Japan, Korea and ASEAN nations have been one-sided for the stainless steel industry, leading to trade deficits between the partner countries and India. The domestic industry is hopeful that the government will set right this unabated dumping into India. Without government support, operations of Indian manufacturers will turn unviable, leading into a downward spiral of production closures and job losses.

Globally, muted sentiments across developed economies and uncertainty in raw material prices, along with trade tensions have been a drag on the business environment. Several countries across the globe have undertaken strong measures to guard their domestic manufacturing industries.