

Jindal Stainless (Hisar) Limited's Q1 profit grows by 6% to Rs 84 crore

Q1FY20 key highlights

Standalone (in Rs crore)

Particulars	Q1 FY 19-20	Q1 FY 18-19	Growth
PAT	84	79	6%
Net Revenue	2,147	2,133	1 %
EBITDA	237	252	(6)%

New Delhi, August 8, 2019: Jindal Stainless (Hisar) Limited (JSHL) marked a steady start to the financial year by posting 6% growth in Profit After Tax (PAT) in Q1FY20 at Rs 84 crore compared to Rs 79 crore in the corresponding period last year (CPLY). During Q1FY20, net revenue of the Company remained stable at Rs 2,147 crore and EBITDA was recorded at Rs 237 crore. Melt production in Q1FY20 also remained consistent at 160,291 tonnes. Sales volume slightly slipped to 151,873 tonnes in Q1FY20 against 170,422 tonnes in CPLY, because of low market sentiments in certain segments such as hollowware. The Company's overall performance remained steady in spite of weak demand in the first quarter. Performance of JSHL's Specialty Products Division during the first quarter of FY20 saw an increased sale of ~6% in products like blade steel, precision strips, and coin blanks. Stainless steel demand from Railways for coaches and wagons continued to drive volumes.

Asserting the strong fundamentals of the Company, **Managing Director, JSHL, Mr Abhyuday Jindal**, said, *"We had a stable first quarter as we continued to leverage our strong operational capabilities, including our Specialty Products Division. Our sustained focus on enhancing revenue through new application development and strengthening our product portfolio for domestic markets will eventually shape our long-term growth. However, unstable raw material prices amid global trade tensions and high quantum of unwarranted imports from Indonesia, Vietnam, and other countries remain a challenge for the domestic industry."* The Company has also commissioned a new induction furnace in the steel melting shop to enhance operational efficiency. Reduction in production cost, increase in yield and improved resource utilisation will be the key benefits from this initiative going forward.

The domestic stainless steel market continued to face onslaught of subsidised imports. Imports from Indonesia rose by ~14 times in FY19 as compared to FY18. During the first quarter, Indonesian imports comprised 28% of the total stainless steel imports into India.

Due to surge in dumped and subsidized imports, the government initiated an Anti Dumping Duty investigation in July 2019. The investigation will encompass all stainless steel flat products from major exporting countries, such as Indonesia, China, Korea, Japan, Taiwan, etc. This investigation will also consider FTA nations like Japan and Korea which have duty-free access to Indian markets. The future of Indian stainless steel industry will considerably depend on the outcome of this investigation. Several players in the domestic stainless steel industry are already threatened with unviable operations; and have therefore resorted to trading rather than manufacturing. Enterprises are shutting down and job losses are mounting; this trend is defeating, rather than supporting, the government's 'Make in India' initiative. On the global front, estimates of economic growth remain sluggish due to a surge in protectionist measures by advanced economies.