Jindal Stainless (Hisar) Limited reports Q3FY19 results

Highlights Q3FY19

Standalone (in Rs crore)

Particulars	Q3 FY18-19	Q2 FY18-19	Change
Net Revenue	**2,233**	**2,229**	**--**
EBIDTA	**201**	**230**	**(12)%**
PAT	**55**	**62**	**(11)%**

New Delhi, January 30, 2019: Jindal Stainless (Hisar) Limited (JSHL) today announced its financial result for the third quarter of FY 19. Revenue during the quarter remained flat at Rs 2,233 crore compared to Rs 2,229 crore in Q2FY19. Continuously falling Nickel prices impacted profit after tax (PAT) in Q3 on account of inventory losses. PAT declined from Rs 62 crore to Rs 55 crore, registering a drop of 11% in Q3FY19 compared to Q2FY19. As Nickel prices declined from the second to the third quarter, the markets witnessed continued destocking. Contrary to the expectations of a festive season, demand from major segments like automobiles and consumer goods slowed down during the quarter.

JSHL further strengthened its foray into Defence & Aerospace segment and is continuously working to develop and supply special alloys for various strategic applications viz. Submarine Rocket Launchers, Armored Vehicles, Mine Trawls etc. JSHL recently received a prestigious order of special steel sheets from ISRO for Rocket Motor Booster Application (Satellite Launch Vehicle). This is the first time India when ISRO has procured from an indigenous source, which involves rigorous qualification processes.

Commenting on the quarter performance, Managing Director, JSHL, Mr Abhyuday Jindal said, **"Though the overall demand for stainless steel remained intact, off-take in certain segments, such as automobiles, temporarily slowed down. Combined with falling Nickel prices, there was continued destocking in the third quarter. However, we were able to maintain our revenues by focusing on Special Products Division. In the subsequent quarters, we expect a market rebound, given the stable outlook for Nickel prices and bottoming out of inventory stocks. By and large, the stainless steel industry is under stress of subsidized imports; several MSMEs are therefore turning unviable. I'm hopeful that the government will review its policies to provide a fair playing field to domestic players."**

The Indian stainless steel industry during the quarter reflected subdued sentiments across the globe, on account of falling commodity prices, and rising trade sanctions by US, EU, and China. European markets also remained muted as end user demand remained weak. The Indian stainless steel industry, which has been reeling under the effect of zero duty imports from FTA countries such as Japan and Korea, are now faced with a new threat. With Indonesia rapidly expanding capacities of stainless steel, domestic manufacturers are facing an onslaught of duty-free imports from Indonesia. Imports from Indonesia are exempt from duty as part of ASEAN FTA. The situation gets further aggravated for domestic players, as there's a 2.5% import duty on key raw materials, namely ferro-nickel and stainless steel scrap, both of which are unavailable in the country. Besides, the basic custom duty on stainless steel flat products is only 7.5% as against a duty of 12.5% for steel products. Together, these factors adversely affect competitiveness of Indian stainless steel makers, and prevent them from competing on a level ground with foreign players.

Y-o-Y Highlights Q3 FY19

Standalone (in Rs crore)

Particulars	Q3 FY18-19	Q3 FY17-18	Change
Net Revenue	**2,233**	**2,439**	**(8)%**
EBIDTA	**201**	**325**	**(38)%**
PAT	**55**	**134**	**(59)%**

During Q3FY19 the company posted revenue of Rs 2,233 crore compared to Rs 2,439 crore in the corresponding period last year, registering a drop of 8%. Q3FY19 PAT stood at Rs 55 crore, showing a decline of 59% as compared to Rs 134 crore in the corresponding period last year (CPLY). Revenue remained almost flat as sales volume of value added products like blade steel, precision strips, and coin blanks achieved a healthy growth of 19% during Q3 FY19 (CPLY).

Highlights Nine-month (April-December 2018)

Particulars	Apr-Dec FY18-19	Apr-Dec FY17-18	Change
Net Revenue	**6,596**	**7,005**	**(6)%**
EBIDTA	**683**	**853**	**(20)%**
PAT	**196**	**300**	**(35)%**

During the nine month period, the Company's revenue declined by nearly 6% to Rs 6,596 crore from Rs 7,005 crore (CPLY). PAT declined to Rs 196 crore from Rs 300 crore (CPLY), registering a 35% decrease.

Demand from domestic market is expected to pick up in coming quarters as JSHL has made inroads in revamping railway infrastructure, such as foot over and rail over bridges. Concerted efforts have been made by JSHL to establish its long products portfolio, strengthen its supply chain management, enhance customer service, and further IT enablement. The Company is also implementing SAP Hybris to upgrade its processes, which also includes introduction of online auction system. Wagons for railways and coaches for metro projects in Chennai and Mumbai, and a projected steady demand from automobile sector, show a healthy order book for the Company. Stainless steel is the fastest growing metal with an expected annual growth rate of 9% in India vis-a-vis 5% globally.