



# JINDAL STAINLESS LIMITED


Q4 & FY20  
Earnings Presentation

June 6, 2020



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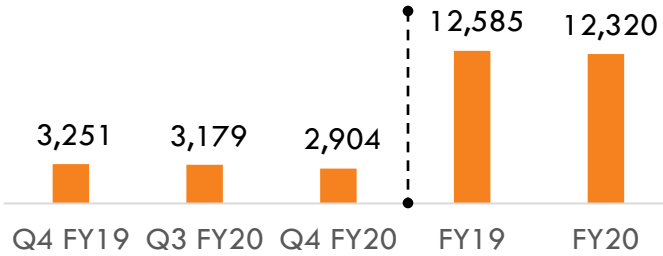
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# Q4 & FY20 Results Overview

# Key Financials Highlights – Q4 & FY20

Net Revenue from operations



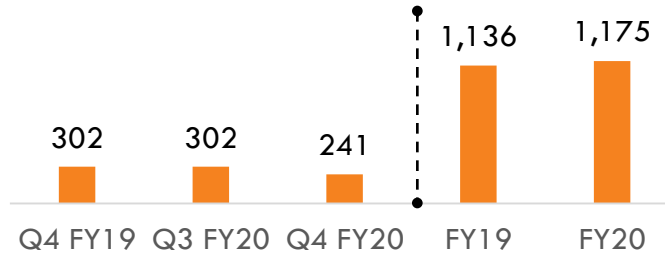
Shift (%)

QoQ: (9%)

YoY: (11%)

(2%)

EBITDA



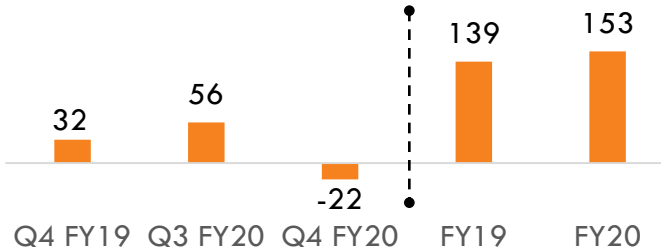
Shift (%)

QoQ: (20%)

YoY: (20%)

3%

PAT



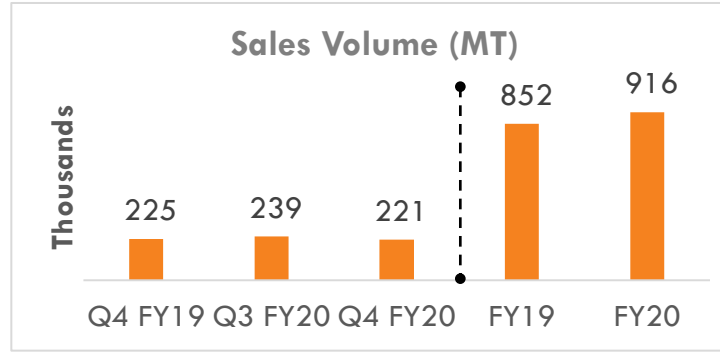
Shift (%)

QoQ: NA

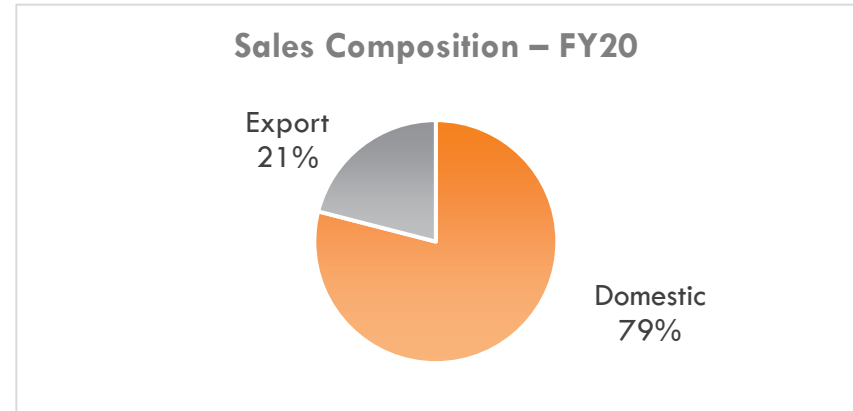
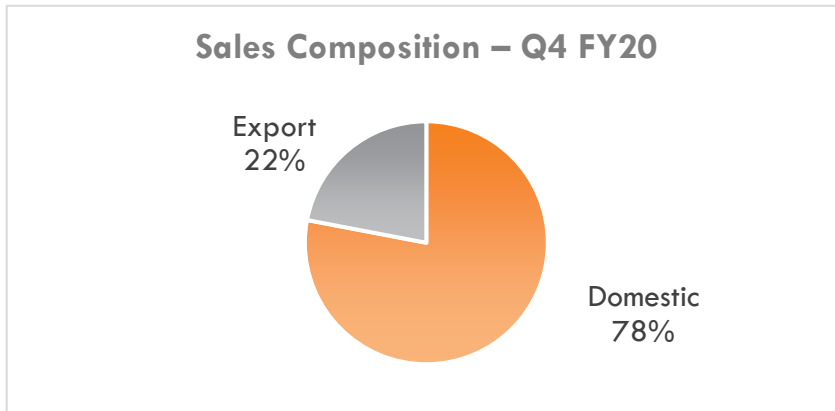
YoY: NA

10%

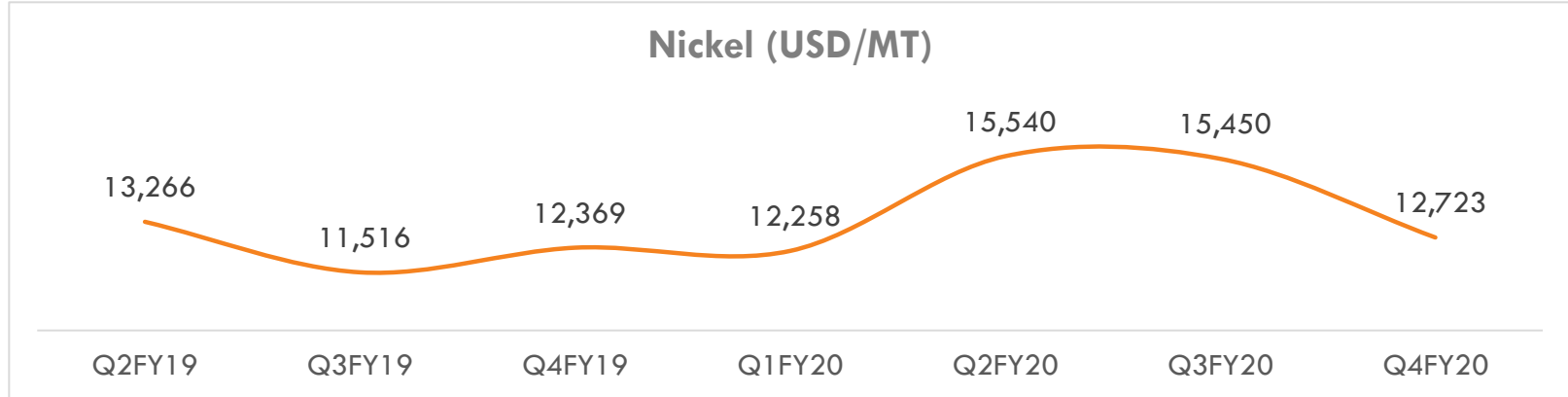
# Key Operational Update – Q4 & FY20



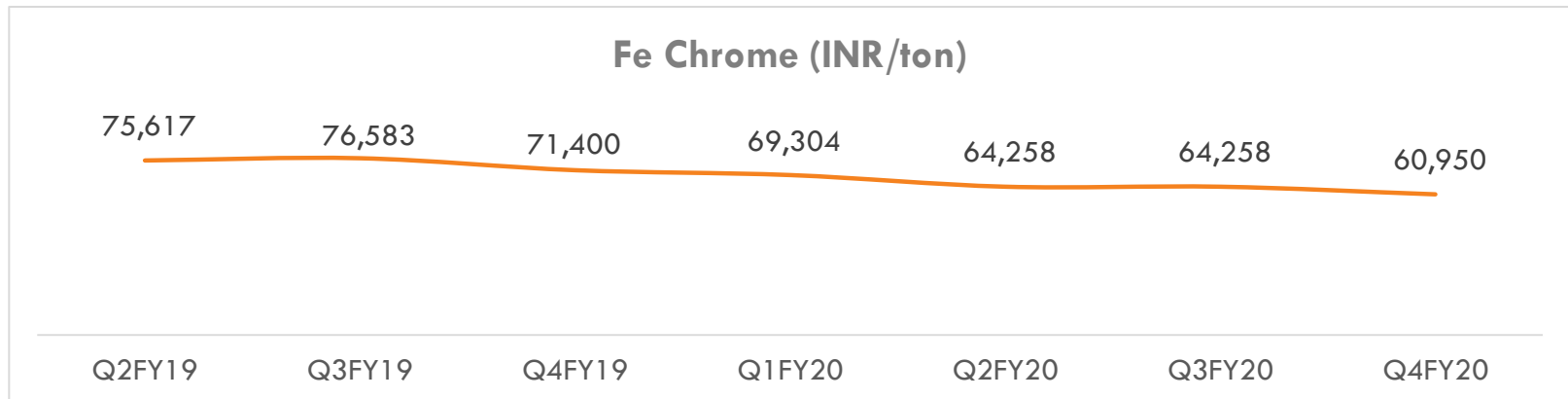
<b>Shift (%)</b>	<b>QoQ: (8%)</b>	<b>YoY: (2%)</b>	<b>7%</b>
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# Key Raw Materials – Price Trend



**Note:** Average quarterly prices; Source: LME



**Note:** Average quarterly prices; Source: Steel Mint

# Q4 FY20 Financial and Operational Discussions (Standalone)

- **Net revenue fell by 11% Y-o-Y at Rs. 2,904 crore**
  - Sales volume was lower by 2% Y-o-Y largely due to muted economic sentiments given the COVID-19 outbreak
- **EBITDA stood at Rs. 241 crore, down by 20% Y-o-Y**
  - Steadily falling Nickel during Q4 negatively impacted inventory valuation
- **Net loss reported at Rs 22 crore for the quarter**
  - Exceptional loss stood at Rs. 48 crore as against loss of ~Rs. 1 crore Y-o-Y on account of forex movement
  - Finance cost fell by 11% Y-o-Y to Rs. 143 crore

# FY20 Financial and Operational Discussions (Standalone)

- **Net Revenue remained almost flat Y-o-Y at Rs. 12,320 crore**
  - The Company recorded the highest ever stainless steel production at 974 kt; Sales volume rose by 7% Y-o-Y to 916 kt
- **EBITDA rose by 3% Y-o-Y to Rs. 1,175 crore**
  - EBITDA/ tonne stood at Rs. 12,827
- **PAT grew up by 10% Y-o-Y to Rs. 153 crore**
  - Finance cost fell by 8% Y-o-Y to Rs. 567 crore



# Management Comment



**Commenting on the performance, Mr. Abhyuday Jindal, Managing Director, Jindal Stainless Ltd. said:**

*“JSL recorded steady operational performance in FY19-20. As GDP growth slowed down in the last quarter of the fiscal, we witnessed erosion in margins.*

*Going forward, we are turning our focus on growing markets, such as the two-wheeler and healthcare industries. The domestic stainless steel industry, which has long required relief from imports from ASEAN and FTA countries, has both the capacity and the capability to cater to Indian demand.*

*We are hopeful for affirmative government action under the Atmanirbhar package. Successful implementation of the Vocal for Local call by the government will go a long way in ensuring job generation and demand revival in the economy.”*

# Abridged P&L Statement (Standalone)

Particular (Rs. crore)	Q4 FY20	Q4 FY19	YoY Change (%)	FY20	FY19	YoY Change (%)
Net Revenue from operations	2,904	3,251	(11%)	12,320	12,585	(2%)
Total Expenditure	2,662	2,949	(10%)	11,145	11,449	(3%)
EBITDA	241	302	(20%)	1,175	1,136	3%
EBITDA / ton	10,917	13,443	(19%)	12,827	13,325	(4%)
EBITDA margin (%)	8.3%	9.3%	(98 bps)	9.5%	9.0%	51 bps
Other Income	11	9	20%	37	28	34%
Finance Cost	143	161	(11%)	567	614	(8%)
Depreciation	99	92	8%	409	335	22%
Exceptional gain/(loss)*	(48)	(1)	NA	8	6	32%
PBT	(38)	57	NA	244	221	11%
Tax	(16)	24	NA	91	82	12%
PAT	(22)	32	NA	153	139	10%
PAT margin (%)	(0.8%)	1.0%	NA	1.2%	1.1%	14 bps
EPS (Diluted) in INR	(0.5)	0.7	NA	3.2	2.9	9%

\* Exceptional items represent net foreign exchange gain/(loss) and mark-to-market gain/(loss) on foreign exchange derivative, forward contracts

# Abridged P&L Statement (Consolidated)

Particular (Rs. crore)	Q4 FY20	Q4 FY19	YoY Change (%)	FY20	FY19	YoY Change (%)
Net Revenue from operations	3,094	3,547	(13%)	12,951	13,557	(4%)
Total Expenditure	2,873	3,243	(11%)	11,811	12,393	(5%)
EBITDA	222	304	(27%)	1,139	1,165	(2%)
EBITDA / ton	10,015	13,522	(26%)	12,441	13,661	(9%)
EBITDA margin (%)	7.2%	8.6%	(141 bps)	8.8%	8.6%	21 bps
Other Income	13	11	19%	40	33	22%
Finance Cost	148	167	(11%)	586	637	(8%)
Depreciation	104	97	7%	425	352	21%
Exceptional gain/(loss)*	(51)	(1)	NA	4	1	563%
Share of profit of investments gain/(loss)	(5)	3	NA	(8)	12	NA
PBT	(73)	54	NA	165	222	(25%)
Tax	(7)	19	NA	93	77	21%
PAT	(66)	34	NA	73	145	(50%)
PAT margin (%)	NA	1.0%	NA	0.6%	1.1%	(51 bps)
EPS (Diluted) in INR	(1.3)	0.7	NA	1.5	3.0	(50%)

\* Exceptional items represent net foreign exchange gain/(loss) and mark-to-market gain/(loss) on foreign exchange derivative, forward contracts

# Abridged Balance Sheet (Standalone)

ASSETS (Rs. crore)		As at 31 <sup>st</sup> Mar. 2020	As at 31 <sup>st</sup> Mar. 2019
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Property, Plant & Equipment	5,938	6,113	
(b) Capital Work-in-progress	9	20	
(c) Goodwill	-	-	
(d) Intangible assets	31	29	
(e) Intangible assets under development	2	6	
(f) Investment accounted for using the equity method	-	-	
(g) Financial Assets			
(i) Investments	487	486	
(ii) Loans	110	43	
(iii) Others (financial assets)	2	0	
(h) Income tax assets	25	3	
(i) Other non-current assets	51	28	
<b>2) Current assets</b>			
(a) Inventories	2,330	2,044	
(b) Financial Assets			
(i) Investments	3	0	
(ii) Trade receivables	779	843	
(iii) Cash & cash equivalents	16	6	
(iv) Bank balances other than (ii) above	28	8	
(v) Loans	11	12	
(vi) Others (financial assets)	76	132	
(c) Current Tax Assets (Net)	-	21	
(d) Other current assets	207	226	
<b>Total Assets</b>	<b>10,108</b>	<b>10,021</b>	

EQUITY AND LIABILITIES (Rs. crore)		As at 31 <sup>st</sup> Mar. 2020	As at 31 <sup>st</sup> Mar. 2019
<b>EQUITY AND LIABILITIES</b>			
(a) Equity Share capital	97	96	
(b) Other Equity	2,560	2,379	
(c) Non-controlling Interests	-	-	
<b>LIABILITIES</b>			
<b>1) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	2,716	3,153	
(ii) Other financial liabilities	102	26	
(b) Provisions	10	6	
(c) Deferred Tax Liabilities (net)	218	126	
(d) Other non-current liabilities	324	337	
<b>2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	398	473	
(ii) Trade Payables			
(a) Total outstanding dues of micro enterprises and small enterprises	87	77	
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,345	2,243	
(iii) Other financial liabilities	1,039	904	
(b) Current tax liabilities (net)	-	-	
(c) Other current liabilities	212	201	
(d) Provisions	1	1	
<b>Total Equity and Liabilities</b>	<b>10,108</b>	<b>10,021</b>	

# Abridged Balance Sheet (Consolidated)

ASSETS (Rs. crore)		As at 31 <sup>st</sup> Mar. 2020	As at 31 <sup>st</sup> Mar. 2019
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Property, Plant & Equipment	6,148	6,315	
(b) Capital Work-in-progress	13	24	
(c) Goodwill	0	0	
(d) Intangible assets	32	29	
(e) Intangible assets under development	2	6	
(f) Investment accounted for using the equity method	310	277	
(g) Financial Assets			
(i) Investments	136	176	
(ii) Loans	105	39	
(iii) Others (financial assets)	2	0	
(h) Income tax assets	26	31	
(i) Other non-current assets	76	36	
<b>2) Current assets</b>			
(a) Inventories	2,739	2,415	
(b) Financial Assets			
(i) Investments	3	0	
(ii) Trade receivables	705	919	
(iii) Cash & cash equivalents	40	36	
(iv) Bank balances other than (ii) above	28	9	
(v) Loans	5	8	
(vi) Others (financial assets)	78	137	
(c) Current Tax Assets (Net)	-	21	
(d) Other current assets	227	235	
<b>Total Assets</b>	<b>10,678</b>	<b>10,715</b>	

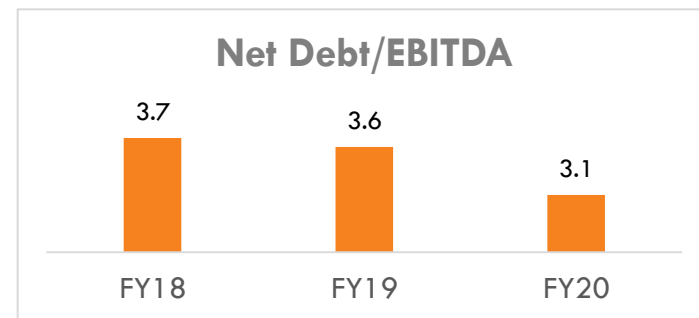
EQUITY AND LIABILITIES (Rs. crore)		As at 31 <sup>st</sup> Mar. 2020	As at 31 <sup>st</sup> Mar. 2019
<b>EQUITY AND LIABILITIES</b>			
(a) Equity Share capital	97	96	
(b) Other Equity	2,620	2,495	
(c) Non-controlling Interests	13	12	
<b>LIABILITIES</b>			
<b>1) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	2,716	3,153	
(ii) Other financial liabilities	102	26	
(b) Provisions	17	15	
(c) Deferred Tax Liabilities (net)	190	132	
(d) Other non-current liabilities	324	337	
<b>2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	646	743	
(ii) Trade Payables			
(a) Total outstanding dues of micro enterprises and small enterprises	87	77	
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,572	2,411	
(iii) Other financial liabilities	1,043	953	
(b) Current tax liabilities (net)	1	2	
(c) Other current liabilities	248	263	
(d) Provisions	1	1	
<b>Total Equity and Liabilities</b>	<b>10,678</b>	<b>10,715</b>	

# Comfortable Debt Position

Borrowings (Standalone) (Rs. crore)	As on Mar.2020	As on Mar.2019	As on Mar.2018
Long term debt	2,357	2,050	2,457
Inter corporate loan from related party	900	900	900
OCRPS*	-	695	607
<b>Total Long term debt</b>	<b>3,257</b>	<b>3,645</b>	<b>3,963</b>
Short term borrowing	398	473	766
<b>Total Debt</b>	<b>3,655</b>	<b>4,118</b>	<b>4,729</b>
Cash & Investments	44	14	37
<b>Net Debt</b>	<b>3,610</b>	<b>4,104</b>	<b>4,692</b>
<b>Long Term Debt Breakup:</b>			
-INR Debt	2,981	3,139	3,248
-Foreign Currency Debt	276	506	715

Note : \*Optionally Convertible Redeemable Preference Shares

Borrowings (Subsidiaries) (Rs. crore)	As on Mar.2020	As on Mar.2019	As on Mar.2018
Long-Term Debt	-	-	-
Short-Term Debt	248	270	286
<b>Total</b>	<b>248</b>	<b>270</b>	<b>286</b>



Note: - Net Debt/ EBITDA calculation based on Standalone financials

- Healthy Cash generation to comfortably support debt repayment
- Focus on further improving debt position going forward

# Key Financial Ratios (Standalone)

	FY20	FY19	FY18
EBITDA margin (%)	9.5%	9.0%	11.9%
PAT Margin (%)	1.2%	1.1%	3.0%
Net Debt to Equity	1.4	1.7	2.0
Net Debt to EBITDA	3.1	3.6	3.7
Return on Equity (%)	6.0%	5.8%	15.5%
Return on Capital employed (%)	11.6%	12.0%	15.6%

**Note:**

- 1) Net Debt includes short-term & long term debt less cash & investments
- 2) ROE(%) is calculated as PAT / Avg. Networth
- 3) ROCE(%) is calculated as EBIT / Avg. Capital employed

# Key Milestones achieved

**Successfully exits  
Corporate Debt  
Restructuring (CDR)**

- Obtained all requisite approvals from authorities and successfully exited the Corporate Debt Restructuring (CDR) framework during FY 20 with effect from as March 31, 2019.
- Company has fully paid the recompense of ~275 crore (incl. recompense on OCRPS)

**Redemption  
of Optionally  
Convertible  
Redeemable  
Preference Shares  
(OCRPS) including  
recompense**

- The Company fully redeemed the outstanding OCRPS of ~Rs. 558 crore along with its recompense of Rs. 221 crore largely through issuance of Non-convertible Debentures (NCDs) worth Rs. 400 crore to Kotak Special Situations Fund (KSSF)

**The exit will provide financial and operational stability to the business of the company**



# JSL's Response to COVID19 pandemic

## Immediate response to ensure safety:

- Following the country-wide lockdown and subsequent guidelines by the centre and state governments to control the spread of COVID -19 led to shut down of the manufacturing facilities in JSL's Jajpur, Odisha plant from March 25, 2020 until May 4, 2020.
- JSL has gradually ramped-up its operations since the re-opening of its manufacturing facility on May 5, 2020

## Way forward for operations:

- The Company expects a gradual recovery in demand amidst the easing of lockdown in many parts of the country
  - Given the restrictive situation in the domestic market, JSL's strategic initiative to recapture volumes in the export markets is yielding encouraging results
  - Expected recovery in two wheeler industry, new opportunities in healthcare sector and Government spending in Railways & Infrastructure may drive demand for Stainless steel
  - JSL is closely monitoring the external environment and optimizing operations to align with the market conditions and will be swift to respond to domestic demand upon revival



# Pledging of Promoters' shares

- There is no loan raised against the promoters' shares (LAS), and therefore there is no linkage between the pledged shares and their market value
- Accordingly, there is no requirement of maintaining any margins, since the aforesaid shares are offered only as an additional collateral/secondary security and the operating companies assets remain as the primary security
- Therefore, any change in the share price does not trigger any margin requirements/calls by lenders

# About Us

Jindal Stainless Ltd. (JSL) is amongst the leading stainless steel manufacturing companies in the world and India's largest stainless steel manufacturer. The Company operates an integrated stainless steel plant at Jajpur, Odisha. The complex has a total stainless steel capacity of 0.8 million tonnes per annum.

JSL has the 'State-of-the-Art' machinery and engineering from the best of European suppliers, capable of producing globally competitive stainless steel products. The Company has a well-established distribution network with service centers in both domestic and an overseas market to serve its customers.

A leader and a name synonymous with 'Enterprise', 'Excellence' and 'Success', Company's ethos mirrors most characteristics similar to the metal it produces; akin to stainless steel JSL is innovative and versatile in its thought process; strong and unrelenting in its operations. JSL's growth over the last 4 decades has been backed by the excellence of its people, value driven business operations, customer centricity, adoption of one of the best safety practices in the stainless steel industry and a commitment for social responsibility.

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**Thank You**