

Bloomberg Code	JDSL IN
No of share O/S (in Cr.)	48.72
Market Cap (in Cr.)	2014.72
Face Value	2.00
Dividend Yield	0.00
52 Wk High/Low	47.25/26.8

### **Key result highlights**

Jindal Stainless Ltd reported flat revenues of Rs. 3,302 Cr in Q3FY20. This was primarily due to subdued demand from certain industries like auto, irrational price and high imports, particularly from Indonesia. Despite the current challenging industry scenario and Q3 being a seasonally weak quarter, the company has been able to deliver healthy volumes and maintain its market share. During Q3FY20, the company registered a 17% YoY increase in sales volume aided by a robust product mix and increased diversification.

The EBITDA came in at Rs. 300 cr. with a YoY growth of 34.3% in Q3FY20. Improvement in operational efficiency was the main reason for registering healthy operational profits. Finance costs for Q3FY20 was at Rs. 144 cr., lower by 4.8% YoY and 2% QoQ, primarily due to the company's focus on deleveraging and reduction of long-term debt. Profit after Tax was reported at Rs. 54 Cr which showed a healthy growth of 28.9% YoY.

Depreciation and amortization expenses for Q3 FY20 was at Rs. 109 Cr, higher by 19.9% YoY.

Raw Material costs declined by 4.3% YoY in Q3FY20 which aided in higher operational profits mainly due to the company's decision to reduce the lead time and sourcing of raw materials from Southeast Asia, Middle East and more from domestic instead of Europe and US. Exceptional items in financial results includes net foreign exchange gain Rs. 24.57 Cr.

## ***Concall Highlights***

- Imposition of CVD on imports of stainless-steel pipes and tubes from China and Vietnam has resulted in a significant decline of imports of these products into the country.
- During the quarter, JSL received all necessary approvals for the capacity expansion to 1.1 million tons from 0.8 million tons. The expansion was undertaken through equipment and process de-bottlenecking for which the Company incurred a nominal Cap-Ex of only around Rs 50 crores.
- The company has repaid Rs 435 crore of long-term debt in the last nine months.
- Raw Material costs declined mainly due to the company's decision to reduce the lead time and sourcing of raw materials from Southeast Asia, Middle East and more from domestic instead of Europe and US.

## ***Valuation***

Jindal Stainless Ltd is currently trading at FY22 forwarded P/E of 3.9x (FY22 est EPS of Rs.10.6).

## Financial Summary

Gross Sales remained flat despite challenging macro environment due to higher sales volume

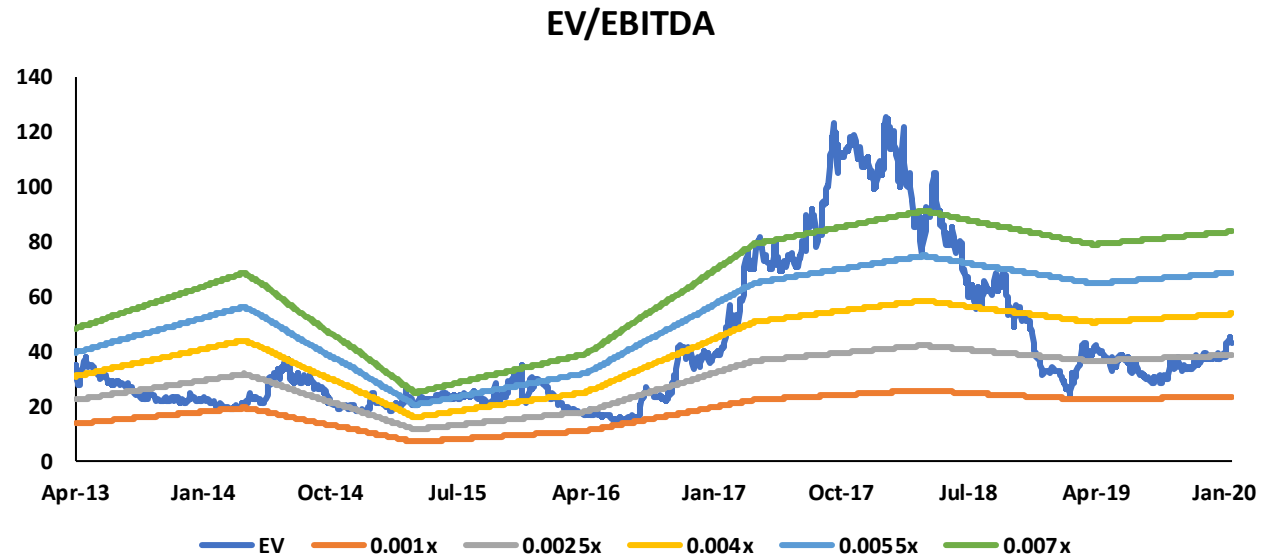
Raw Material cost declined mainly due to reduction of lead time in procuring

EBITDA showed a growth of 34.3% YoY with margins improving to 9.1%

Exceptional items include net foreign exchange gains of Rs 24.57 cr.

Figures are in Rs Cr	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	FY19	FY20E	YoY (%)	FY21E	YoY (%)	FY22E	YoY (%)
Gross Sales	3,302	3,307	-0.1	3,291	0.3	13,557	13,894	2.5	15,247	9.7	15,571	2.1
Raw Material Cost	2,173	2,270		2,135		9,175						
RM Cost to Sales (%)	65.8	68.6		64.9								
Employee Cost	51	48	5.4	49	3.0	212						
Employee Cost to Sales (%)	1.5	1.5		1.5								
Operating Expenses	779	766	1.8	788	-1.1	3,006						
OPEX to Sales (%)	23.6	23.2		24.0								
EBITDA	300	223	34.3	318	-5.9	1,165	1,247	7.1	1,385	11.0	1,453	4.9
<b>EBITDA Margin (%)</b>	<b>9.1</b>	<b>6.7</b>		<b>9.7</b>		<b>8.6</b>	<b>9.0</b>		<b>9.1</b>		<b>9.3</b>	
Depreciation	109	91	19.9	108	0.3	352	405	15.1	407	0.5	416	2.2
Depreciation to Net Block (%)				6.4								
Interest	144	151	-4.8	147	-2.0	637						
<b>Interest Rate (%)</b>												
TTM Interest Coverage	1			1		1						
Other Income	9	9	4.1	7	26.2	33						
<b>Other Income to Sales (%)</b>	<b>0.3</b>	<b>0.3</b>		<b>0.2</b>		<b>0.2</b>						
Exceptional Income / Expenses	24	76	-67.8	7	269.0	1						
Profit Before Tax	80	65	22.7	77	4.2	209						
<b>Tax Rate (%)</b>	<b>32.6</b>	<b>35.8</b>		<b>46.0</b>		<b>36.6</b>						
Profit After Tax	54	42	28.9	42	30.1	133	198	49.3	304	53.1	360	18.4
<b>PAT Margin (%)</b>	<b>1.6</b>	<b>1.3</b>		<b>1.3</b>		<b>1.0</b>	<b>1.4</b>		<b>2.0</b>		<b>2.3</b>	
Adjusted EPS	1.1	0.9	21.3	0.8	37.0	3.0	4.1	37.1	6.2	53.1	7.4	18.4
Shareholder's Funds				2,715		2,591	2,857	10.3	3,161	10.6	3,526	11.6
BV per share				55.7		53.2	58.6	10.3	64.9	10.6	72.4	11.6
Net Debt						0	0	8.5	0	10.6	0	11.6
Net Debt to Equity						0.0	0.0		0.0		0.0	
Net Debt to EBITDA						0.0	0.0		0.0		0.0	
Working Capital Cycle				23								
CAPEX						206	195	-5.4	192	-1.7	242	26.1
RoE						5.1	6.9		9.6		10.2	
RoCE						31.4	29.5		31.0		29.4	
P/E						15.2	10.2		6.6		5.6	
P/B				7.4		0.8	0.7		0.6		0.6	
EV/EBITDA						1.7	1.6		1.5		1.4	

# 1 year forwarded Price/BV band chart



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