

Turnaround prospects bleak: Jisco CEO

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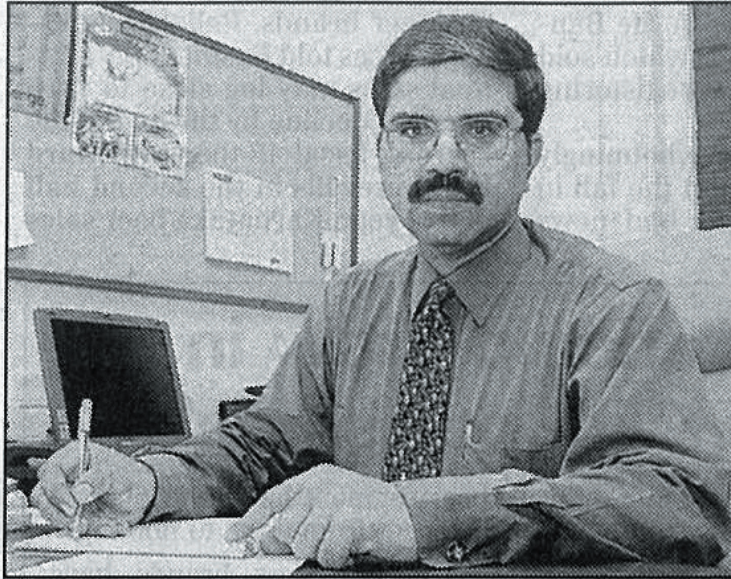
THE possibility of Jindal Iron and Steel Company Ltd (Jisco) returning to profitability this fiscal appears remote as the continuing downturn is seen driving its turnover down by 20 per cent to Rs 1,200 crore, according to Mr Raman Madhok, Joint Managing Director and CEO of the company.

However, the company, which reported a net loss of Rs 96.52 crore in 2000-2001, is expected to cut its losses, primarily on account of various initiatives undertaken by the company. "Our percentage of contribution to gross sales will definitely improve in comparison to last year," Mr Madhok said.

The turnover is down because net sales realisation has declined primarily on account of a fall in HR coil and zinc prices. "Our net sales realisation has come down because selling prices have also come down. As a re-roller, we are primarily making money on our brand equity and conversion costs," Mr Madhok said.

The company has recast its distribution channel in a bid to sell more in Maharashtra and the neighbouring States and thereby save on freight costs. Rationalisa-

Shashi Ashiwal



Mr Raman Madhok, Joint Managing Director and CEO, Jisco

tion of manpower at manufacturing units and reducing costs across the value chain to improve net realisation is also being undertaken to reduce costs, according to Mr Madhok.

Jisco had also stopped production of hot-rolled plates at its Vasind plant as it was financially unviable on account of high raw material costs. According to Mr Madhok, while hot-rolled coil prices fell, hot-rolled slab prices did not. Jisco's operations at Vasind would remain suspended un-

til HR plate market picks up and the company gets Rs 2,500 per tonne of conversion costs. During the current fiscal, JISCO's net realisation is down by 15-18 per cent as compared to the previous year. Exports, which contribute significantly to JISCO's turnover, are likely to be lower in the current year. Ex-

ports to the US have fallen to 24,000 tonnes in the April-September 2001 period as compared to 40,000 tonnes exported in the year-ago period. "The weak euro has further added to lower price realisation of our products in the European market," Mr Madhok said. However, the slide in the rupee's value against the US dollar has offset some of the reverses.

Mr Madhok said the company's debt restructuring will be completed by the end of the current year.