

January 29, 2024



Current Price: ₹ 816.45

STOCK DATA

BSE Code	500228
NSE Symbol	JSWSTEEL
Reuters	JSTL.BO
Bloomberg	JSTL IN

VALUE PARAMETERS

52 W H/L(Rs)	895.60/649.75
Mkt. Cap.(Rs Cr)	199659.09
Latest Equity(Subscribed)	244.55
Latest Reserve (cons.)	73653.00
Latest EPS (cons.) -Unit Curr.	44.25
Latest P/E Ratio -cons	18.45
Latest Bookvalue (cons.) -Unit Curr.	302.18
Latest P/BV - cons	2.70
Dividend Yield -%	0.51
Face Value	1

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2023
Foreign	27.75
Institutions	9.48
Govt Holding	0.51
Non Promoter Corp. Hold.	8.39
Promoters	44.81
Public & Others	9.07

Consolidated Financial Result

	Qtr Ending Dec. 23	Qtr Ending Dec. 22	In Cr. VAR %
Net Sales (including other operating income)	41940	39134	7
OPM (%)	17	12	
OP	7180	4547	58
Other Inc.	194	188	3
PBIDT	7374	4735	56
Interest	1996	1819	10
PBDT	5378	2916	84
Depreciation	2059	1882	9
PBT	3319	1034	221
Share of Profit/(Loss) from Associates	-16	-56	71
PBT	3303	978	238
Taxation	853	504	69
PAT	2450	474	417
Minority Interest (MI)	35	-16	PL
Net profit	2415	490	393
EPS (Rs)	10	2	

JSW Steel reported robust growth in profit, beats estimates

JSW Steel consolidated net sales increased 7.17% to Rs 41940 crore during Q3FY24 compared to Q3FY23. Operating profit margin has jumped from 11.62% to 17.12%, leading to 57.91% rise in operating profit to Rs 7,180.00 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 54.22% to 52.70%. Purchase of finished goods cost fell from 0.61% to 0.50%. Employee cost decreased from 2.61% to 2.57%. Other expenses fell from 30.93% to 28.64%. Power and Oil fuel cost fell from 11.06% to 8.32%. Other direct service cost rose from 4.50% to 5.90%.

Other income rose 3.19% to Rs 194 crore. PBIDT rose 55.73% to Rs 7374 crore. Provision for interest rose 9.73% to Rs 1996 crore. PBDT rose 84.43% to Rs 5378 crore. Provision for depreciation rose 9.40% to Rs 2059 crore. Profit before tax grew 220.99% to Rs 3,319.00 crore. Share of profit/loss was 71.43% higher at Rs -16 crore. Provision for tax was expense of Rs 853 crore, compared to Rs 504 crore. Effective tax rate was 25.83% compared to 51.53%. Net profit attributable to owners of the company increased 392.86% to Rs 2,415.00 crore.

Consolidated crude steel production for the quarter stood at 6.87 million tonne, higher by 8% QoQ and higher by 12% YoY. The strong performance was driven by capacity utilization rising to 94% during the quarter vs. 89% in Q2FY24 at the Indian operations. Capacity utilization for 9MFY24 was 91%. The company had taken certain maintenance shutdowns at Indian operations during Q2FY24. Capacity utilization also improved at the Ohio, USA operations due to better demand scenario.

Steel Sales for the quarter stood at 6.00 million tonne, lower by 5% QoQ and higher by 7% YoY. Domestic sales at 5.27 million tonne were down by 4% QoQ and higher by 2% YoY. While volumes declined QoQ, the OEM & Industrial volumes were strong, up 8% QoQ and 12% YoY, with highest quarterly sales to OEM & Industrial customers, and automotive, renewable and

packaging segments. Retail sales were particularly impacted during the quarter on higher imports and channel destocking. Exports at 0.55 million tonne fell 20% QoQ on subdued global markets and constituted 9% of sales from the Indian operations.

Subsidiaries performance:

Bhushan Power & Steel (BPSL): During the quarter, BPSL registered Crude Steel Production of 0.86 million tonnes and Sales volume of 0.70 million tonnes. Revenue from Operations and Operating EBITDA for the quarter stood at Rs 5,030 crores and Rs 780 crores, respectively. BPSL reported a Profit after Tax of Rs 260 crores for the quarter.

JSW Steel Coated Products (Consolidated): During the quarter, JSW Steel Coated Products, including its subsidiaries, registered a production volume (GI/GL, Tin, CRCA & other saleable products) of 0.95 million tonnes and sales volume of 0.94 million tonnes. Revenue from Operations for the quarter stood at Rs 7,767 crores, and EBITDA was Rs 232 crores. The EBITDA per tonne decline on QoQ basis is mainly due to lower realisations. The subsidiary reported a net loss of Rs 52 crore for the quarter.

JSW Steel USA Ohio: The EAF-based steel manufacturing facility in Ohio, USA, produced 2,67,666 net tonnes of Slabs during the quarter. Sales volumes for the quarter stood at 56,355 net tonnes of HRC and 1,46,383 net tonnes of Slabs. It reported a EBITDA loss of US\$6.44 million for the quarter.

US Plate & Pipe Mill: The Plate & Pipe Mill based in Texas, USA produced 97,829 net tonnes of Plates and 7,219 net tonnes of Pipes, reporting a capacity utilization of 40% and 5%, respectively, during the quarter. Sales volumes for the quarter stood at 86,985 net tonnes of Plates and 5,531 net tonnes of Pipes. It reported an EBITDA of US\$ 18.67 million.

Italy Operations: The Italy based Rolled long products manufacturing facility produced 1,01,660 tonnes and sold 83,818 tonnes of rolled products during the quarter. It reported an EBITDA of Euro 16.7 million for the quarter. While volumes were lower QoQ, higher net realisations drove higher EBITDA during the quarter

JSW Steel commits to achieve Net Zero carbon emission by 2050

The company has committed to reduce its carbon emissions by 42% to 1.95t/tco₂, and had issued the global steel industry's first USD Sustainability Linked Bond in 2021 based on this target. The company is now extending its responsibility to the environment with a commitment to achieving Net Zero by 2050.

Update on Projects:

The 5 MTPA brownfield expansion at Vijayanagar is progressing well with construction activities for all packages underway. At the Blast Furnace, civil and structural work is nearing completion and equipment erection & piping work is at an advanced stage. The equipment erection at 1st Converter and Caster at the SMS has been completed while all mill stands at HSM have been erected and trial runs are expected to commence soon. The commissioning activities to commence progressively.

The Phase-II expansion (from 3.5 MTPA to 5 MTPA) at BPSL is progressing well and is expected to be completed in FY24.

At JSW Steel Coated Products Limited, the colour coated steel line of 0.12 MTPA in Jammu and Kashmir is expected to start commissioning activities from Q1 FY25.

The company capex spend during Q3 FY24 in India was Rs 5,103 crores and consolidated was

Rs 5,253 crores. During 9M FY24, capex spend in India was Rs 12,898 crores and consolidated was Rs 13,249 crores. The company expect consolidated capex for FY24 to be Rs 18,000 crores as compared to Rs 20,000 crores planned earlier.

Outlook by the company

The global economy has been resilient despite elevated interest rates and multiple geopolitical events over the last couple of years. According to the World Bank, global GDP growth for 2023 was 3%, which is 0.3pp higher than its earlier estimate of 2.7%. The World Bank forecasts global growth at 2.9% in 2024, marginally lower compared to 2023. Inflation has eased across major economies and this is expected to start a rate easing cycle in 2024. However, the overhang of geopolitical risks continues and the recent Red Sea crisis has pushed up freight rates sharply, impacting global trade and adding to inflationary pressure.

In the US, while the sustained strength in labour markets has supported consumption and overall growth, initial signs of cooling off are visible and the unemployment rate is expected to gradually increase over the next few quarters. Effects of elevated interest rates is expected to impact growth in 2024 even as the risk of a hard landing has diminished considerably. Potential rate-cuts from mid- 2024 should aid gradual recovery.

In China, while GDP growth at 5.2% in 2023 was fairly robust, driven by an improvement in consumption and industrial manufacturing, the weakness in the property sector continues to be a concern. Targeted stimulus by the government has supported growth and the same is likely to continue, with broader stimulus possible to support economic recovery. Emerging sectors such as the energy transition, EVs and high-end manufacturing will drive growth in 2024.

In the Eurozone, weak manufacturing activity and elevated rates have led to subdued growth, though the labour market remains relatively strong. Falling inflation and expected rate cuts in 2024 are likely to support a gradual recovery through the year.

In Japan, the economy has slowed on lower manufacturing and weak exports. Recovery in consumption is expected on the back of ongoing wage hikes, fiscal support in the form of expected tax cuts in 2024, and the US and other major economies avoiding a hard landing, thus helping exports.

The growth momentum for the Indian economy remains strong, driven by manufacturing and government spends on infrastructure. The central government capex has increased 31% during April-Nov 2023, supported by healthy tax collections. Election-related spending is likely to stimulate consumption in H1 CY24. The residential real estate sector remains very strong, with tailwinds from increased affordability and peaking out of interest rates. Strong momentum continues in the auto and renewable energy sectors. The rural economy remains mixed given weather-related impacts on agriculture, however 2-wheeler sales have shown a strong uptick recently. External shocks driven by geopolitical events are key risks for the Indian economy.

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