

May 22, 2023



Current Price: ₹ 693.05

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	783.35/520.10
Mkt. Cap.(Rs Cr)	167525.45
Latest Equity(Subscribed)	241.72
Latest Reserve (cons.)	61706
Latest EPS (cons.) -Unit Curr.	15.12
Latest P/E Ratio -cons	45.84
Latest Bookvalue (cons.) -Unit Curr.	256.28
Latest P/BV - cons	2.70
Dividend Yield -%	0.00
Face Value	1.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2023
Foreign	27.19
Institutions	9.48
Govt Holding	0.51
Non Promoter Corp. Hold.	8.11
Promoters	45.40
Public & Others	9.32

Consolidated Financial Result

	Qtr Ending Mar. 23	Qtr Ending Mar. 22	In Cr. VAR %
Net Sales	46,962.00	46,895.00	0
OPM (%)	16.90	19.60	-270bps
OP	7,939.00	9,184.00	-14
Other Inc.	465.00	233.00	100
PBIDT	8,404.00	9,417.00	-11
Interest	2,138.00	1,756.00	22
PBDT	6,266.00	7,661.00	-18
Depreciation	2,009.00	1,815.00	11
PBT	4,257.00	5,846.00	-27
Share of Profit/(Loss) from Associates	-8.00	-31.00	74
PBT	4,249.00	5,815.00	-27
Taxation	508.00	1,731.00	-71
PAT	3,741.00	3,343.00	12
Minority Interest (MI)	77.00	109.00	-29
Net profit	3,664.00	3,234.00	13
EPS	12.17	12.37	

JSW Steel Q4FY23 Results: Outlook : Expect saleable steel sales of 25 million tonne in FY24 but margins declined during Q4FY23, in line with estimates

JSW Steel consolidated net sales increased 0.14% to Rs 46962 crore in Q4FY23 compared to Q4FY22. Operating profit margin has declined from 19.58% to 16.91%, leading to 13.56% decline in operating profit to Rs 7,939.00 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 48.35% to 51.08%. Purchase of finished goods cost rose from 0.56% to 0.95%. Employee cost decreased from 2.20% to 2.15%. Other expenses rose from 28.13% to 28.85%. Power and Oil fuel cost rose from 8.16% to 8.74%. Other direct service cost fell from 6.80% to 5.89%. Other income rose 99.57% to Rs 465 crore. PBIDT fell 10.76% to Rs 8404 crore. Provision for interest rose 21.75% to Rs 2138 crore.

PBDT fell 18.21% to Rs 6266 crore. Provision for depreciation rose 10.69% to Rs 2009 crore. Fixed assets increased to Rs 1,26,490.00 crore as of 31 March 2023 from Rs 1,16,666.00 crore as of 31 March 2022. Intangible assets increased from Rs 119.00 crore to Rs 128.00 crore. Profit before tax down 27.18% to Rs 4,257.00 crore. Share of profit/loss was 74.19% higher at Rs -8 crore. Provision for tax was expense of Rs 508 crore, compared to Rs 1731 crore. Effective tax rate was 11.96% compared to 34.12%.

Minority interest decreased 29.36% to Rs 77.00 crore. Net profit attributable to owners of the company increased 13.30% to Rs 3,664.00 crore.

Crude Steel Production was 6.58 million tonne during Q4FY23, up 13% YoY and 7% QoQ, primarily due to ramp up of Dolvi Phase-II and BPSL expansions. Saleable Steel sales for the quarter stood at 6.53 million tonne, higher by 16% QoQ mainly driven by higher exports. Sales were up 9% on a YoY basis, led by higher domestic sales.

Full year results analysis

Net sales (including other operating income) of JSW Steel has increased 13.38% to Rs 165960 crore. Operating profit margin has declined from 26.65% to 11.18%, leading to 52.45% decline in operating profit to Rs 18,547.00 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 41.57% to 56.03%. Purchase of finished goods cost rose from 0.36% to 0.90%. Employee cost decreased from 2.33% to 2.32%. Other expenses rose from 29.74% to 29.75%. Power and Oil fuel cost rose from 7.53% to 10.35%. Other direct service cost fell from 9.26% to 4.42%.

Other income fell 32.72% to Rs 1030 crore. PBIDT fell 51.71% to Rs 19577 crore. Provision for interest rose 38.93% to Rs 6902 crore. Loan funds rose to Rs 80,853.00 crore as of 31 March 2023 from Rs 72,237.00 crore as of 31 March 2022. Inventories declined from Rs 33,787.00 crore as of 31 March 2022 to Rs 33,135.00 crore as of 31 March 2023. Sundry debtors were lower at Rs 7,134.00 crore as of 31 March 2023 compared to Rs 7,457.00 crore as of 31 March 2022. Cash and bank balance rose to Rs 20,714.00 crore as of 31 March 2023 from Rs 17,383.00 crore as of 31 March 2022. Investments declined from Rs 4,940.00 crore as of 31 March 2022 to Rs 4,806.00 crore as of 31 March 2023.

PBDT fell 64.37% to Rs 12675 crore. Provision for depreciation rose 24.55% to Rs 7474 crore. Fixed assets increased to Rs 1,26,490.00 crore as of 31 March 2023 from Rs 1,16,666.00 crore as of 31 March 2022. Intangible assets increased from Rs 119.00 crore to Rs 128.00 crore. Profit before tax down 82.41% to Rs 5,201.00 crore. Provision for tax was expense of Rs 1516 crore, compared to Rs 8807 crore. Effective tax rate was 26.81% compared to 29.61%. Net profit attributable to owners of the company decreased 79.95% to Rs 4,144.00 crore.

Promoters' stake was 45.40% as of 31 March 2023 ,compared to 45.01% as of 31 March 2022. Promoters pledged stake was 16.35% as of 31 March 2023 ,compared to 15.83% as of 31 March 2022. Cash flow from operating activities decreased to Rs 23,323.00 crore for year ended March 2023 from Rs 26,270.00 crore for year ended March 2022. Cash flow used in acquiring fixed assets during the year ended March 2023 stood at Rs 14,784.00 crore, compared to Rs 10,091.00 crore during the year ended March 2022.

Subsidiaries performance:

JSW Steel Coated Products (Consolidated): During the quarter, JSW Steel Coated Products, including its subsidiaries, registered a production volume (GI/GL + Tin) of 0.84 million tonne and sales volume of 1.02 million tonne. Revenue from Operations for the quarter stood at Rs 8,479 crore, and Operating EBITDA was Rs 431 crore. Net Profit after Tax was Rs 835 crore for the quarter, which includes deferred tax adjustment of Rs 645 crore following the amalgamation of step-down subsidiaries namely, Asian Color Coated (spat Limited and Hasaud Steel Limited).

Bhushan Power & Steel Ltd (BPSL): During the quarter, BPSL registered Crude Steel Production of 0.78 million tonne and sales volume of 0.71 million tonne. Revenue from Operations and Operating EBITDA for the quarter stood at Rs 5,570 crore and 949 crore, respectively. BPSL reported Net Profit after Tax of Rs 429 crore for the quarter. Better margins in Q4FY23 QoQ mainly due to better realisations, and lower coal and power & fuel cost.

JSW Steel USA Ohio Inc.: The EAF-based steel manufacturing facility in Mingo Junction, Ohio, produced 86,203 net tonne of HRC and 2,31,908 net tonne of slabs with 64% capacity utilization during the quarter. Sales volumes for the quarter stood at 72,776 net tonne of HRC, up by 66% QoQ and 1,25,124 net tonne of Slabs, up by 179% QoQ. It reported an Operating

EBITDA loss of US \$12.1 million for the quarter. EBITDA loss reduced by \$10.7 million QoQ.

US Plate and Pipe Mill: The Plate & Pipe Mill based in Baytown, Texas produced 1,04,439 net tonne of Plates and 6,606 net tonne of Pipes, reporting a capacity utilization of 47% and 5%, respectively, during the quarter. Sales volumes for the quarter stood at 86,823 net tonnes of Plates, up by 17.3% QoQ and 5,241 net tonnes of Pipes. It reported an Operating EBITDA of US\$ 25.7 million, up by 50% QoQ.

JSW Steel (Italy) S.r.l. (Aferpi): The Rolled long products manufacturing facility in Italy produced 78,384 tonne and sold 94,695 tonne during the quarter. It reported an Operating EBITDA of Euro 13.4 million for the quarter, up by 71% QoQ.

Update on Projects:

- The 5mtpa brownfield expansion at Vijayanagar is progressing well, with construction activities and equipment erection for all packages underway. The project is expected to be completed by the end of FY24. The Phase-I expansion from 2.75 mtpa to 3.5 mtpa at BPSL was completed in FY23. The Phase-II expansion from 3.5mtpa to 5mtpa remains on track for completion in FY24.
- The company's domestic capex spend was Rs 3,507 crore during Q4FY23, and Rs 14,214 crore for FY23, against the (revised) planned of Rs 15,000 crore for FY23. The company expects to spend an amount of Rs 18,800 crore for FY24, primarily for completing the 5mtpa brownfield expansion at Vijayanagar and BPSL Phase-II expansion to 5mtpa, downstream facilities and sustenance capex.

Outlook by the company

- The IMF expects global GDP growth to moderate to 2.8% in 2023 (-0.6 p.p. vs. 2022 global growth, and a -0.1 p.p. downgrade vs. their Jan 2023 forecast). Goods and commodity inflation has cooled significantly but services inflation in Developed Markets remains elevated due to tight labour markets. Aggressive policy tightening by the Central Banks in USA and Europe to control inflation is slowing growth and has also led to banking sector turmoil recently, which has potential for further downside risks.
- The US economy is decelerating, and combined with high wage inflation and banking sector issues, could lead to a more severe slowdown in H2 CY23. The tight labour markets driven by strong services demand is expected to weaken in Q3 CY23, which will help cool inflation but may affect growth. Ongoing financial sector stress could force a pause in further rate hikes.
- The Euro area has averted a severe recession due to good energy management helped by a mild winter, and manufacturing and services are picking up. Wage-driven inflation and any banking crisis are risks to growth.
- In Japan, while manufacturing remains subdued, services have picked up. Wage inflation and global slowdown are risks to GDP growth.
- The Chinese recovery following relaxation of the Zero Covid Strategy at the end of 2022 is being driven more by services than manufacturing. Slowing exports and a lacklustre property market are headwinds. Fiscal and monetary policy is expected to be supportive as inflation remains low in China
- The Indian economy remains resilient, and is a bright spot in the decelerating global economy. Growth is broad-based, supported by manufacturing, services and government

capital expenditure. Cooling inflation and the RBI pausing rate hikes is a positive, while the global slowdown remains a risk. Monsoon is a key monitorable, especially for rural demand in light of the forecast for El Nino this year.

- The Union Budget in India focused on Infrastructure, Manufacturing and Defense, which is positive for steel consumption. The fiscal position is benefitting from lower energy prices, sharp drop in fertilizer subsidies and strong tax collections. The manufacturing sector capacity utilization is consistently above 72% since Dec 2021, which is supportive for private sector capex. Moreover, corporates and banks have healthy balance sheets to undertake capex. The banking credit growth has been in double digits for the last 13 months. Improving rural consumer sentiment, healthy reservoir storage levels and improving rural wage growth points to ongoing recovery. Demand for commercial vehicles, tractors and passenger vehicles remains healthy, while recovery in two-wheeler demand is expected in line with the rural and semi-urban economy.
- The company expects total crude steel production of 26.34 million tonne and saleable steel sales of 25 million tonne in FY24

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401/402,
4th Floor, Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court, Gate No.- 4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

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