JSW STEEL LIMITED

July 28, 2021

Current Price: ₹ 710.45

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	773.00/200.30
Mkt. Cap.(Rs Cr)	171731.44
Latest Equity(Subscribed)	241.72
Latest Reserve (cons.)	46462.00
Latest EPS (cons.) -Unit Curr.	59.70
Latest P/E Ratio -cons	11.90
Latest Bookvalue (cons.) -Unit Curr.	193.21
Latest P/BV - cons	3.68
Dividend Yield -%	1.14
Face Value	1

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/06/2021
Foreign	29.18
Institutions	7.16
Govt Holding	0.51
Non Promoter Corp. Hold.	8.22
Promoters	44.07
Public & Others	10.86

Financial Result

In Cr.

	Qtr Ending Jun. 21	Qtr Ending Jun. 20	VAR %
Net Sales	28,902.00	11,782.00	145
OPM (%)	35.60	11.40	
OP	10,274.00	1,341.00	666
Other Inc.	198.00	132.00	50
PBIDT	10,472.00	1,473.00	611
Interest	993.00	1,016.00	-2
PBDT	9,479.00	457.00	999
Depreciation	1,183.00	1,047.00	13
PBT	8,296.00	-590.00	LP
Share of Profit/(Loss) from Associates	323.00	-53.00	LP
PBT before EO	8,619.00	-643.00	LP
EO Income	0.00	0.00	-
PBT after EO	8,619.00	-643.00	LP
Taxation	2,719.00	-61.00	PL
PAT	5,900.00	-582.00	LP
Minority Interest (MI)	-4.00	-21.00	81
Net profit	5,904.00	-561.00	LP
EPS (Rs)	24.50	-ve	

JSW Steel posts record profit of Rs.5,904 crore in Q1, revenue rises 145%

JSW Steel consolidated net sales increased 145.31% to Rs 28902 crore in Q1FY22 compared to Q1FY21. Operating profit margin has jumped from 11.38% to 35.55%, leading to 666.14% rise in operating profit to Rs 10,274.00 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 54.24% to 32.65%. Purchase of finished goods cost rose from 0.01% to 0.17%. Employee cost decreased from 5.24% to 2.32%. Other expenses rose from 29.27% to 33.90%. Power and Oil fuel cost fell from 10.51% to 6.06%.

Other income rose 50% to Rs 198 crore. Provision for interest fell 2.26% to Rs 993 crore. Provision for depreciation rose 12.99% to Rs 1183 crore. The company reported PBT of Rs 8296 crore compared to loss at PBT level of Rs 590 crore. Share of profit of associate was Rs 323 compared to loss of Rs 53 crore.

Provision for tax was debit of Rs 2719 crore, compared to credit of Rs 61 crore. Minority interest increased 80.95% to Rs -4.00 crore. Net profit reported was Rs 5904 crore compared to loss of Rs 561 crore.

Saleable Steel sales for the quarter stood at 3.47 million tonne (Indian operations excluding JVs). The company enhanced exports by 14% QOQ to partially offset the fall in domestic demand due to the second wave of Covid, as well as seasonality.

Full year results analysis

Net sales (including other operating income) of JSW Steel has increased 8.88% to Rs 79839 crore. Operating profit margin has jumped from 16.19% to 25.23%, leading to 69.64% rise in operating profit to Rs 20,141.00 crore. Raw material cost as a % of total sales (net of stock

adjustments) decreased from 52.81% to 40.68%. Purchase of finished goods cost rose from 0.18% to 0.29%. Employee cost decreased from 3.86% to 3.13%. Other expenses rose from 27.02% to 30.78%. Power and Oil fuel cost fell from 8.52% to 7.46%.

Other income rose 8.42% to Rs 592 crore. Provision for interest fell 7.22% to Rs 3957 crore. Loan funds declined from Rs 55,048.00 crore as of 31 March 2020 to Rs 54,074.00 crore as of 31 March 2021. Inventories rose to Rs 14,249.00 crore as of 31 March 2021 from Rs 13,773.00 crore as of 31 March 2020. Sundry debtors were lower at Rs 4,486.00 crore as of 31 March 2021 compared to Rs 4,505.00 crore as of 31 March 2020. Cash and bank balance rose to Rs 12,813.00 crore as of 31 March 2021 from Rs 12,003.00 crore as of 31 March 2020. Investments rose to Rs 8,581.00 crore as of 31 March 2021 from Rs 1,259.00 crore as of 31 March 2020 .

Provision for depreciation rose 10.20% to Rs 4679 crore. Fixed assets increased to Rs 95,365.00 crore as of 31 March 2021 from Rs 88,861.00 crore as of 31 March 2020. Intangible assets increased from Rs 415.00 crore to Rs 2,118.00 crore.

Profit before tax grew 209.54% to Rs 12,097.00 crore. Extraordinary items were increased to Rs -83.00 crore. Provision for tax was debit of Rs 4142 crore, compared to credit of Rs 906 crore. Effective tax rate was 34.47% compared to negative 30.07%.

Minority interest increased 65.77% to Rs -38.00 crore. Net profit attributable to owners of the company increased 96.30% to Rs 7,911.00 crore.

Promoters' stake was 44.07% as of 31 March 2021 compared to 42.71% as of 31 March 2020. Promoters pledged stake was 17.67% as of 31 March 2021 compared to 39.79% as of 31 March 2020.

Cash flow from operating activities increased to Rs 18,789.00 crore for year ended March 2021 from Rs 12,785.00 crore for year ended March 2020. Cash flow used in acquiring fixed assets during the year ended March 2021 stood at Rs 9,258.00 crore, compared to Rs 12,810.00 crore during the year ended March 2020.

Subsidiaries performance:

JSW Steel Coated Products: During the quarter, JSW Steel Coated Products, including its subsidiaries, registered a production volume of 0.66 million tonne and sales volume of 0.70 million tonne. Revenue from operations and operating EBITDA for the quarter stood at Rs 6,728 crore and Rs 963 crore respectively. It reported a Profit after Tax of Rs 682 crore for the quarter

US Plate and Pipe Mill: The Plate & Pipe Mill based in Texas, USA produced 78,648 net tonne of Plates and 5,685 net tonne of Pipes, reporting a capacity utilization of 31% and 4%, respectively, during the quarter. Sales volumes for the quarter stood at 67,467 net tonne of Plates and 4,935 net tonne of Pipes. It reported an EBITDA of US$ 24.45 million for the quarter against EBITDA loss of US$ 6.60 Million in Q4 FY2021.

JSW Steel USA Ohio Inc (Acero): The EAF-based steel manufacturing facility in Ohio, USA, recommenced operations in March 2021 following an upgrade, and is ramping up well. During Q1 FY2022, it produced 150,539 net tonne of Slabs. Sales volumes for the quarter stood at 52,391 net tonne of Slabs and 62,678 net tonne of HRC. It reported an EBITDA of US$ 19.03 million for the quarter against an EBITDA loss of US$ 24.18 million in Q4 FY2021.

JSW Steel Italy (Aferpi): The Italy based Rolled long products manufacturing facility produced 74,253 tonne and sold 59,085 tonne during the quarter. It reported an EBITDA loss of Euro 4.76 million for the quarter compared to an EBIDTA loss of Euro 2.52 million in 24 FY2021.

Outlook by the company

In June 2021, the World Bank upgraded their CY 2021 global GDP growth forecast to 5.6% from 4.1% earlier, supported by fiscal and monetary policy measures by governments and central banks globally. Accelerated pace of vaccination programs in developed countries, especially US,

UK and Europe, is driving opening up of their economies, leading to robust growth and job creation.

On the back of ramping up of vaccination programs and strong fiscal support from the respective governments, the recent PMI and IP prints of the US and EU reflect improving business and consumer sentiment which bodes well for steady economic recovery. Japan has had a slower pace of vaccination compared to the West, leading to more gradual economic recovery, though vaccinations have picked up recently.

China`s GDP grew at 7.9% in Q2 CY 2021. Strong exports, especially in the month of June, on the back of recovery in advanced economies is a key positive, while the real estate sector moderated due to policy tightening. It is expected that monetary and fiscal policy will continue to be supportive for stable economic growth.

Inflation levels have increased globally, and pose a risk to the loose monetary policies in place, but most central banks currently expect it to be transitory, driven by supply-side disruptions. Possible re emergence of infections driven by new variants also pose downside risks to the reopening of economies and the growth momentum. The currently rising daily caseloads in many countries is being closely watched.

In India, economic activities were impacted by the onset of the second wave of Covid, which has abated sharply in the month of June. As a result, lock-downs and restrictions have eased, and economic activities are picking up across the board, reflecting improved business and consumer sentiments. However, governments are continuing to be cautious about a third wave, although preparedness is much better as the Union cabinet has approved a 523,123-crore package for improving health infrastructure to fight Covid-19 as part of which around 2.40 lac hospital beds and 20,000 ICU beds would be created over the next few months till March 2022.

India`s rural economy is being aided by a good monsoon for the third consecutive year, and a large part of fiscal stimulus measures have been directly focused on increasing rural income and consumption. This is reflected in the recent surge in tractor sales.

The Indian industrial sector has also shown a pick up, with peak power consumption hitting several records in 2021 (191GW in end-June). Green shoots are visible in the Automotive sector as domestic production volumes witnessed a bounce-back in the month of June, following the Covid-related hit in April and May. A robust residential real estate market since 2020 may signal a turn of the real estate cycle.

The government continues to focus on manufacturing, with continued rollout of PLI scheme for various sectors, including speciality steel. Construction and Infrastructure activities are expected to gain momentum in H2 Fy2022.

Accelerated pace of vaccination in India is leading to improved business sentiment. Ongoing normal monsoons, and the accommodative stance of the RBI are key positives for the economy. Overall, faster ramp-up of vaccination programs and favorable fiscal policies with large budgetary allocations focused on infrastructure are expected to support a strong economic recovery.

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