

ANNUAL NET PROFIT of ₹3,467 crore is highest ever in company's history

JSW Steel Q4 Profit Triples, Board Rolls Out Expansion Plan

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Mumbai: JSW Steel's profits more than tripled and revenues rose 53% as India's largest private sector steelmaker achieved volume driven growth driven primarily by export sales that offset "headwinds of a weak steel demand" in the domestic market.

Revenues rose to Rs 17,917 crore from Rs 11,747 crore last year. Profit for the quarter rose 235% to Rs 1009 crore. Annual net profit of Rs 3,467 crore is the highest ever in the history of JSW Steel. EBITDA rose 64% to Rs 3,165 crore and JSW declared a dividend of Rs 2.25 per share.

FOUR KEY TAKEAWAYS FROM THE JSW Q4 EARNINGS:

1. JSW announced a capex of Rs 26,800 crore for the next three years. The board also approved a brownfield expansion at the Dolvi facility in Maharashtra, where the steelmaker will double capacity to 10 million tonnes from about 5 million tonnes for about Rs 15,000 crore. The project is expected to be completed by March 2020. For the Vijayanagar works in Karnataka, the steelmaker plans to spend Rs 4,200 crore on among other things, revamping and upgradation of a blast furnace and increasing the capacity of the cold rolled mill-1 complex. It also laying preliminary groundwork for its greenfield expansion at Odisha and Jharkhand for 10 MTPA each.

2. Higher demand. Seshagiri Rao joint MD JSW said Indian steel industry is very competitive and the firm is able to produce steel at very low cost compared to anyone else in the world. Domestic demand is forecast at 5% in FY18 up from 3% in FY17.



JSW Steel Q4FY17 Earnings

	Q4FY17	Q4FY16	FY17
REVENUE	17,917	11,747	60,536
EBITDA	3,165	1,825	12,174
PAT	1009	301	3,467

(Highest ever)



3. Refinancing expensive debt. JSW plan to refinance nearly Rs Rs 4,700-5000 crore of debt every year and which will help in reducing interest costs. "So we will pay Rs 4700-Rs 5000 crores every year and at the same time take a fresh debt of the same amount. The balance will be internal accruals. So we will not be increasing debt, but we may end up decreasing it depending on whether we are able to use any other method of putting in funding," Jayant Acharya, director of commercial and marketing at JSW Steel, said. JSW's debt was Rs 41,549 crore for the last quarter, up marginally from Rs 40,911 crore last year. Its net debt to EBITDA ratio is 3.41x, still less than 3.75x it guided for.

4. JSW produced 15.8 million tonnes out of total capacity of 18 million tonnes last year and is guiding for 16.50 million tonnes this year.