q3 update

Q3FY24 highlights

Standalone performance:

- **Sales volume at 5,12,015 MT, up by 9% YoY**
- **Net revenue at INR 9,088 crores, up by 1% YoY**
- **EBITDA at INR 1,021 crores, up by 8% YoY**
- **PAT at INR 779 crores, up by 41% YoY**
- **Net debt at INR 3,085 crores**
- **Net debt-to-equity ratio at ~0.23**

Consolidated performance:

- **Net revenue at INR 9,127 crores**
- **EBITDA at INR 1,246 crores, up by 43% YoY**
- **PAT at INR 691 crores, up by 35% YoY**

ebita per tonne - **19940 - (standalone)**

New Delhi, January 18, 2024: The Board of Directors of Jindal Stainless Limited (JSL) today announced the Q3FY24 financial results. The company's standalone sales volume for the third quarter of FY24 stood at 5,12,015 metric tonnes (MT), up by nearly 9% year-on-year (YoY), owing to a healthy domestic demand. However, a slight dip of 6% was observed on a quarter-on-quarter (QOQ) basis, due to a planned maintenance in the plants aimed at upgrading the output for an enhanced product mix and a faster ramp up.

The company's Q3FY24 standalone net revenue was recorded at INR 9,088 crores, reflecting a marginal increase of 1% YoY. Standalone EBITDA stood at INR 1,021 crores while standalone profit after tax (PAT) was at INR 779 crores. Net debt for the quarter was recorded at INR 3,085 crores and the net debt-to-equity ratio was maintained at ~0.23. Net debt/EBITDA for the quarter stood at ~0.72. Meanwhile, consolidated net revenue was recorded at INR 9,127 crores. Consolidated EBITDA and PAT stood at INR 1,246 crores and INR 691 crores, respectively.

Domestic demand for stainless steel continued to be on the rise, with the auto sector witnessing growth in all segments, and the decorative pipe and tube sector registering robust growth as well. The company has begun production at its newly acquired facility in Ghaziabad to widen its product offerings through the addition of Long products like wire rods and rebars to the company's existing product portfolio, and the operations will be ramped up in FY25. Despite muted global demand, pricing pressure, destocking, and geopolitical issues such as the one unfolding in the Red Sea, the company managed to maintain sales outside India. For the first time, the company showcased its decarbonisation initiatives at the prestigious UN COP28 climate summit and announced that it is set to achieve its mid-term target of carbon emissions reduction well before the target year of 2035.

The implementation of mandatory quality norms by the Bureau of Indian Standards (BIS) checked the influx of the 200 series grades of subsidised and substandard foreign imports in the quarter. However, there was a sharp increase in the dumping of the 300 series, to the tune of 73%, majorly from China and Vietnam.

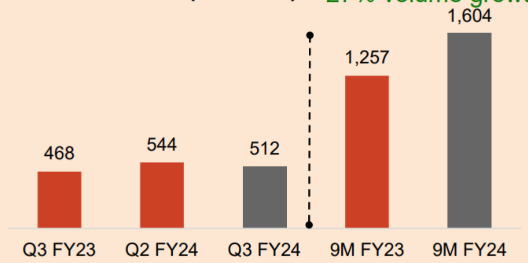
<u>Other key developments:</u>

1. **<u>JUSL</u>:** During the quarter, JSL received nearly INR 200 crores as interim dividend from its wholly-owned subsidiary Jindal United Steel Limited (JUSL).
2. **<u>Rabirun Vinimay Private Limited</u>:** Rabirun Vinimay Private Limited has been acquired by JSL on a going concern basis at a cost of INR 96 crores. With the acquisition, JSL marks its entry into the pipe and tube segment. The facility has a capacity of 4,000–5,000 tonnes/month.
3. **<u>Credit ratings</u>:** The rating on long-term bank facilities and debt programme was revised from CRISIL AA-/Positive to CRISIL AA/Stable, while short-term bank facilities were reaffirmed at CRISIL A1+.
4. **<u>PTJSI</u>:** JSL has given its consent for the liquidation of PT Jindal Stainless, Indonesia (PTJSI), at Gresik, Indonesia, after the entity became unviable due to the lack of a level-playing field, and competition with Chinese products.
5. **<u>NPI</u>:** The nickel pig iron facility in Indonesia is expected to be commissioned early in H1FY25, and will reach its full capacity within three subsequent quarters.
6. **Iberjindal:** JSL's Board of Directors gave an in-principle approval for the acquisition of a 100% stake in Iberjindal S L, a subsidiary company based out of Spain.
7. **<u>R&D</u>:** The company:
   I. Began commercial production of nickel alloy clad plate. These clad plates offer a unique combination of strong corrosion resistance and cost effectiveness.
   II. Developed a duplex stainless steel grade with superior corrosion resistance (< 10 mdd) in lighter gauge.
   III. Successfully developed a customised 415 grade stainless steel for wheel track application under saline conditions for the Bhadbhut Barrage Project, Gujarat.
   IV. Successfully developed a customised 301 grade stainless steel for marble cutting gang saw application.

8. **<u>JDA</u>:** JSL's strategic arm, Jindal Defence and Aerospace (JDA), successfully developed and supplied for the first time:
   I. Martensitic steel grade plates for missile and launcher components.
   II. Spring steel grade sheets for the locking of the wings in anti-tank guided missiles.
   III. Low alloy steel cold rolled grade sheets for small motor casings of satellite launch vehicles.
9. **<u>Jindal Coke Limited</u>:** JSL's Board of Directors gave its in-principle approval for divestment of its 26% stake in Jindal Coke Limited as the latter's business activities are not the core business activities of the company. Moreover, JSL has committed itself to achieving Net

Key Financials Highlights

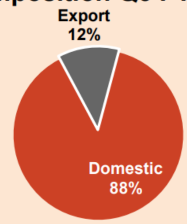
Sales Volume ('000 MT) 27% volume growth



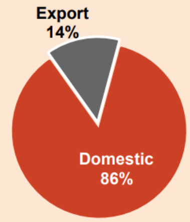
Shift (%)	QoQ: -6%	YoY: 9%	28%

- Delivered strong nine months performance in FY24 on a YoY basis.
- A slight dip in the Q3FY24 sale volume due to a planned maintenance in the plant aimed at upgrading the output for an enhanced product mix and a faster ramp up.

Sales Composition Q3 FY24



Sales Composition 9M FY24

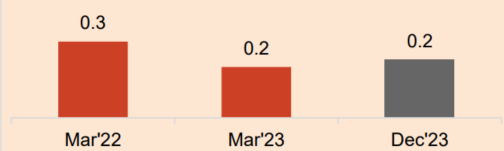


Debt Position & Key Ratios

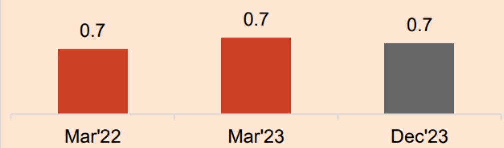
Borrowings (Standalone) (INR crore)	As on Dec 2023	As on March 2023	As on March 2022
Debt			
Long term debt	3417	3,012	2,685
Short term debt	766	477	714
Total Debt	**4,182**	**3,489**	**3,400**
Cash & Bank balances	1,097	898	220
Net Debt	**3,085**	**2,591**	**3,179**

*Borrowings (Subsidiaries-ex JUSL) (INR crore)	As on Dec 2023	As on March 2023	As on March 2022
Long-Term Debt	40	80	116
Short-Term Debt	198	333	454
Total	**238**	**413**	**570**
Cash & Bank balances	38	32	36
Net Debt*	**200**	**381**	**534**

Net Debt/Equity

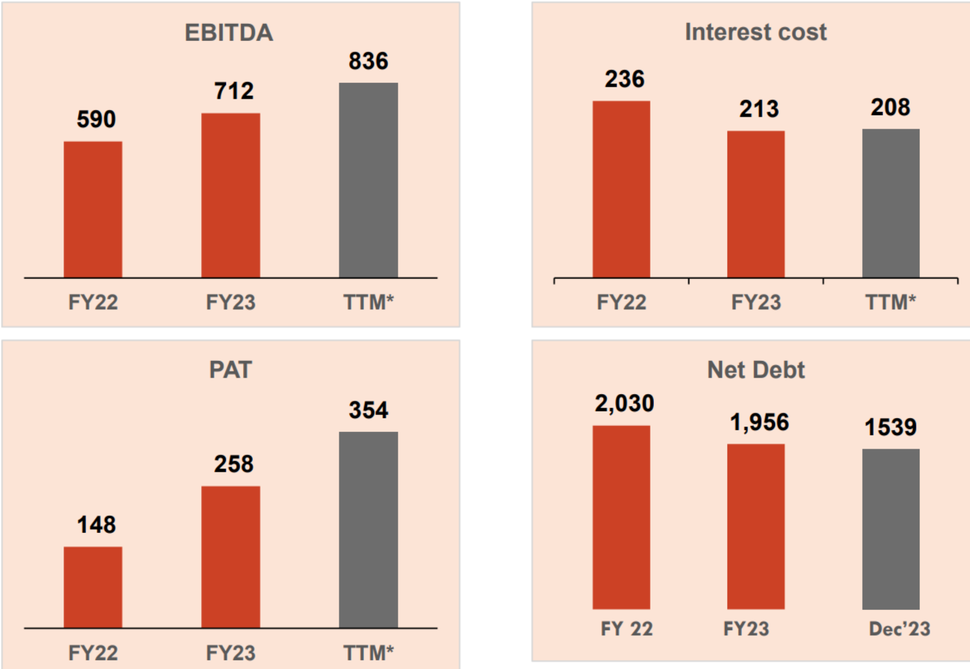


Net Debt/EBITDA

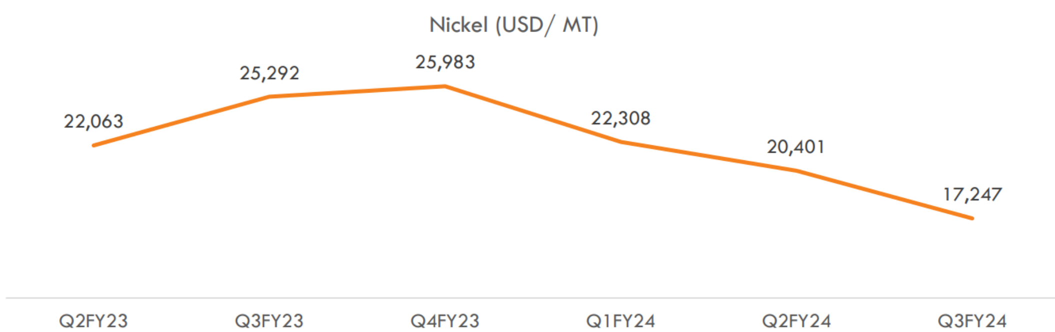


Long term debt ratings upgraded to **AA (Stable)** from AA- & re-affirmed **short term debt ratings at A1+**

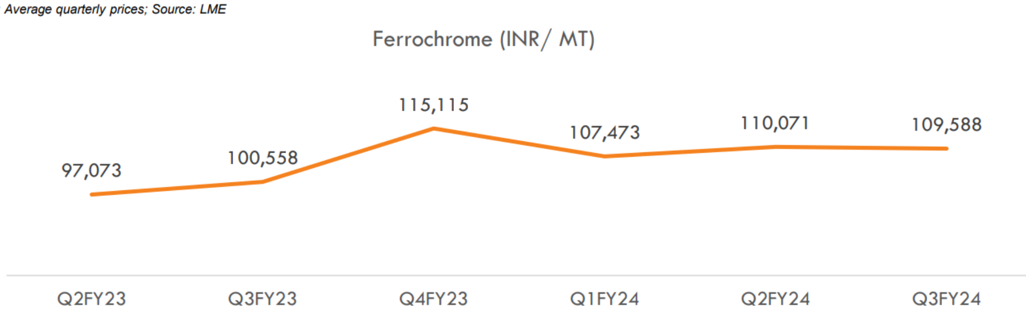
JUSL Performance



Key Raw Materials- Price trend



***Note:** Average quarterly prices; Source: LME*



Abridged P&L Statement (Consolidated)

Particular (Rs. crore)	Q3FY24	Q3FY23	YoY Change (%)	Q2FY24	QoQ Change (%)	9MFY24	9MFY23	YoY Change (%)
Revenue from operations	9,127	9,063	1%	9,797	(7%)	29,108	25,932	12%
Total Expenditure	7,881	8,194	(4%)	8,566	(8%)	25,439	23,490	8%
EBITDA	1,246	868	44%	1,231	1%	3,669	2,442	50%
EBITDA/ton	24,339	18,558	31%	22,637	8%	22,871	19,432	18%
Other Income	39	39	1%	32	22%	114	88	29%
Finance Cost	146	76	93%	156	(6%)	401	242	66%
Depreciation	236	181	30%	222	6%	645	542	19%
Exceptional gain/(loss)	-	-	NA	101	NA	101	-	NA
Share of profit of investments gain/(loss)	13	35	(63%)	7	77%	53	70	(25%)
PBT	917	685	34%	993	(8%)	2891	1817	59%
Tax	226	172	31%	229	(2%)	698	449	55%
PAT	691	513	35%	764	(10%)	2193	1368	60%

concall highlights

1. **growth -** maintain 20% volume growth in fy24 and fy25 as well
2. **capex -**
    1. **capex guidance was 3200 crs** , but now due to rabiran(96crs) and preponement of 225crs capex for npi so additional 325crs so total 3600 crs
        1. break up - 3200 crs - jusl -958crs , npi- 1000crs, maintainence - 500-600crs, rathi 100crs ,ongoing 400crs , RE power -150crs , jusl expansion 250crs
    2. total NPI 1000 crs capex done through debt and equity form
    3. rathi - total capex 150crs next year 75-100crs
    4. rabiran - 75crs in fy25
    5. capex for maintainence in fy25 will be 500-600 crores , plus current project capex
    6. thinking about plan to go from 3mn to 4mn tonnes but due to other capex the plan is being discussed and dont want to overcommit
3. **profitability**
    1. **ebitda increase** by 41% yoy

   2. 9m rev increase 13%
4. **competitive advantages**
5. **risks - high imports from** china and vietnam
6. **industry tailwinds/headwinds**
   1. **export headwinds -** geopolitical and red sea crisis has led to muted export demand
   2. **domestic demand-** really strong coming from auto sector , infra and pipes and tubes
   3. **NICKEL price - have fallen sharply , this has effected project NPI but project is viable at these prices as well**
   4.
7. **industry structure**
8. **management -**
   1. Q4 volume should be much better
9. **business details**
   1. **acquisition - rabiran india pvt ltd for 96crs** having pipes and tube capacity of 4-5k tonnes , will help in going towards VAP and end products extension , **will be started by h1 fy25 with initial capex of 75crs ,** want to make it 8-9k thousand capacity of combined deco and industrial tubes expansion after 2 years , will start with deco tubes only and with RM of 50% 200 and 50% 300 series , margin at 7-8k per tonnes ebitda , rampup can be expected to by fy26 completely
   2. rathi super steel - started production wire rods and rebar , will further ramp up in fy25
   3. doing RND for import subs products of various grades such as aerospace, defence, thermopower
   4. **want to simplify group structure** - divestment of 26% stake in JCL(coal) this will help in sustainable and increasing stake in iberjindal(loss making) but increasing it as it is due to EU market , once it rebounds there will be profits in this sevice center -mgt
   5. revised credit rating - upgrade
   6. **promotor pledge removed**
   7. **4800 crs debt expected at end of fy24**
   8. 110-120 thousand tonnes expected from rathi for fy25 , 4-6000 per tonn ebitda
   9. subsidiaries coming out of losses, iber should come out of loss in fy25

    10. JUSL- captive cinsumption 80-90%, ebitda margins -4000-5000 tonnes
    11. every quarter 1-2% increase in 400 series rev contribution
    12. frieght cost we can not pass in a temporary issue in shipping but if it is long term we will pass
    13.
10. **one time events -**
    1. **planned maintainance** - in one of the plant which led to degrowth in volume QOQ was done for increase in quality and speed of output
11. **mental models - capacity expansion,product mix change, twin engine,**
12. **key variables to track - nickel prices , chromite ore prices , iron prices, ferro chrome , manganese**

technicals

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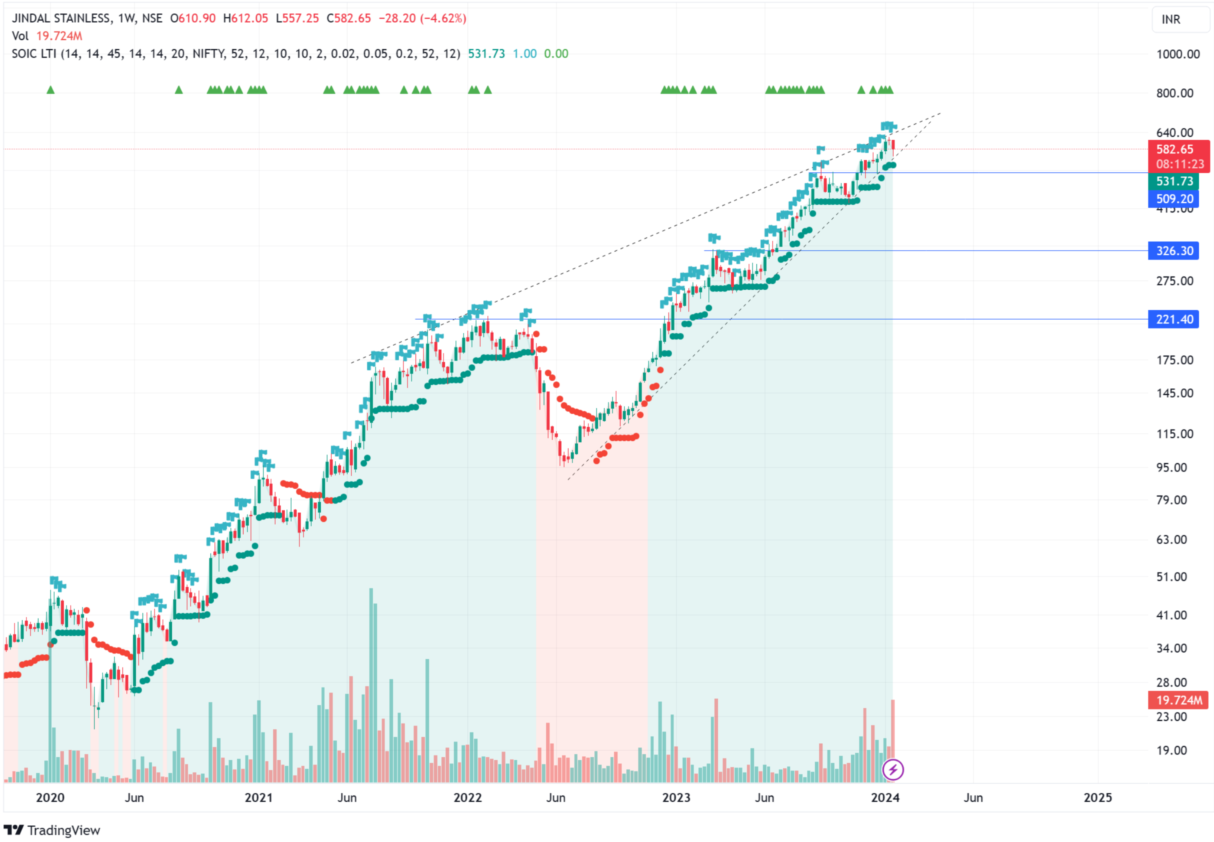

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