JSW Steel's Export Push Can Sustain Rebound

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Mumbai: After a tough first half of FY23, India's leading steel producer JSW Steel showed some recovery in the December quarter. The momentum is likely to continue in the near term, with the company looking to increase its export after the recent removal of export duties by the government and uptick in the global demand after Chinese economy showed signs of opening up. But the upside may be capped due to expected slowdown in 2023.

For the December quarter, the company's Ebitda (earnings before interest depreciation and tax) rose by 160% sequentially to ₹4547 crore, although down sharply over last year's corresponding quarter. Lower raw material costs helped. But more importantly, several cost-saving investments which it commissioned also have started showing. Revenues stood at ₹39,134 crore, down 6% quarter-on-quarter and net profit at ₹474 crore against a loss of ₹915 crore.

ET ANALYSIS

In terms of volumes, the company produced 6.14 million tonnes — highest ever — and 10% higher sequentially. Higher utilization in Dolvi plant and restarting of facilities of JSW Ispat Special Products after maintenance shutdown helped. The company also increased its capacity at Bhushan Power and Steel by 0.75 mtpa to 3.5 mtpa, taking its total capacity to 28 mtpa. Higher production has led to higher inventories of 7 MT.

"In Q4, we will try reducing this inventory and push more in international market as international prices have picked up and 15% penalty on export is not there," said Seshagiri Rao, CFO, JSW group. The company's export has fallen to 7% of sales in December quarter from 23% last year. In terms of production, the company has guided for a 6.34 MT for the March quarter against 6.06 in the December quarter. In terms of sales volumes, guidance is 7 MT against 5.5 MT. "Rich product mix, cost-saving measures and better prices should help in this quarter," he added.

Chinese steel (hot rolled coil) prices have risen to \$640 a tonne from \$530 a tonne in November 2022. Will current price sustain? Current prices may sustain but it is unlikely we will see the previous high, said Rao, citing expected slowdown and unlikelihood of any investment related growth in China.

AIM TO IMPORT 1.75 MT SOIL NUTRIENTS ANNUALLY

MoUs with Morocco's OCP Group for fertiliser imports

SANDIP DAS
New Delhi, January 22

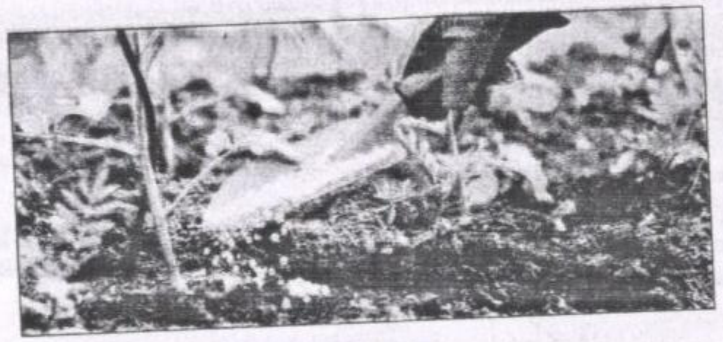
TO ENSURE STABILITY in the supplies of soil nutrients four fertiliser firms — state-run National Fertilisers Limited and Rashtriya Chemicals and Fertilisers Ltd and Chambal Fertilisers and Chemicals Ltd and Paradeep Phosphates Ltd from the private sector – have signed a memorandum of understanding (MoU) with Morocco's OCP Group for annual imports of 1.75 million tonne (MT) of phosphorus (P) and potassium (K) fertilisers.

"This will immensely benefit the farming community in India and contribute towards ensuring food security," fertiliser minister Mansukh Mandaviya stated in a tweet after signing of MoU at Rabat, Morocco on Saturday.

As per the MoU, one MT of diammonium phosphate (DAP), 0.7 MT of triple superphosphate (TSP) and 0.05 MT of murate of potash (MOP) will be imported to meet the domestic requirements of the soil nutrients varieties for next one year.

"Our customised solution TSP significantly contributes to increasing yields, improving farmers' incomes and accelerating the implementation of sustainable agricultural practices," according to a statement by Soufiyane El Kassi, chairman and CEO, OCP Nutricrops, OCP group's subsidiary dedicated to soil health and plant fertilisation solutions.

India has been discussing with several countries including Senegal, Jordan, Israel, Oman, Russia, Canada and Saudi Arabia for ensuring assured supplies of non-urea fertiliser such DAP and NPK from countries.



STABILITY IN SUPPLIES

- Fertiliser majors sign MoUs with Morocco's OCP group for 1.75 MT import of soil nutrients
- The MoUs will benefit the farming community in India and contribute towards ensuring food security

The country imports about half of its requirement of DAP. Around 25% of urea and 15% of NPK fertiliser requirements are met through imports. The domestic MoP demand is met solely through imports (from Belarus, Canada and Jordan, etc).

"We are increasing domestic production and making long term arrangements for imports with exporter countries. It will give us an opportunity to get fertiliser at our price," he said, citing that the import price of DAP had been brought down from \$1000/ tonne prevailed in April, 2022 to around \$743/tonne currently.

Mandaviya recently said that in the next two years India will be a price settler for fertiliser in the global market.

In October, 2022, Rashtriya Chemicals and Fertilizers Ltd signed MoU with K Plus S Middle East FZE DMCC, a subsidiary of Germany's K+S Minerals and Agriculture GmBH for supply of around 0.1 MT of MOP annually till 2025 at a discounted India specific price.

Coromandel International, Chambal Fertilizers and Indian Potash Limited in September, 2022 signed an MoU with Canpotex, Canada for import of potash

In August last year, India and Saudi Arabia had signed a pact for an annual supply of 2.5 MT of ammonia and DAP, NPK fertilisers till 2025.

At the G20 Summit in Bali last year, PM Narendra Modi had said "today's fertiliser shortage becomes tomorrow's food crisis".