

Lower costs seen boosting steel companies' profit in Sept quarter

Our Bureau
Mumbai

Steel companies are expected to report better growth in profit in the September quarter driven by higher sales and lower cost. Though steel prices have fallen in September quarter, it was much higher compared to last year.

Bhavesh Chauhan, Research Analyst, IDBI Capital Research, said domestic steel prices decreased by ₹1,400 a tonne in the seasonally weak September.

Steel companies' profit is likely to improve on a q-o-q basis as the impact of lower steel prices will be more than offset by fall in coking coal prices which was down 30 per cent in the past six months.

Indian HRC prices decreased by 2.5 per cent q-o-q to average ₹56,377 a tonne. However, it started increas-

ing by end of the quarter to ₹58,900 a tonne.

Chinese Hot Rolled Coil prices decreased by 6 per cent to average \$559 a tonne. Domestic iron ore prices fell 6 per cent to ₹7,241 a tonne, he said.

OPERATING PROFIT

Overall, steel companies' operating profit growth may remain muted in FY24 on back of recessionary environment in developed countries, he said.

Kotak Institutional Research said sales volume of leading steel companies in September quarter should increase by 8 per cent year-on-year in the quarter under review.

JSW Steel, which will be announcing its financial results on Friday, is likely to announce a net profit of ₹3,442 crore against net loss of ₹915 crore recorded in the same

period last year, said IDBI Capital Research. The company's revenue is expected to increase 3 per cent to ₹43,233 crore (₹41,778 crore) and EBITDA should zoom to ₹8,209 crore (₹1,752 crore). However, update on the export front and capex remain the key on the company's performance, it said.

Tata Steel will log a flattish growth of 2 per cent in revenue at ₹61,274 crore (₹59,877 crore) and 93 per cent fall in net profit at ₹525 crore (₹7,714 crore). Ebitda may remain flat at ₹6,094 crore (₹6,060 crore) with the uncertainty looming large over its European operations, said IDBI Capital report.

Jindal Steel is expected to register net profit of ₹1,072 crore (₹219 crore) even as its revenue falls five per cent to ₹12,903 crore (₹13,521 crore) on the back of better margin.