

Performance for Fourth Quarter and Financial Year 2021-22

Mumbai, India: JSW Steel Limited (“JSW Steel” or the “Company”) today reported its results for the Fourth Quarter and the Financial Year ended 31st March, 2022 (“Q4 FY2022” or the “Quarter” and “FY2022” or the “Year”).

Key Highlights for Q4 FY2022:**Standalone Performance:**

- Highest ever quarterly Crude Steel production: 5.01mt, up by 20% YoY
- Highest ever quarterly Saleable Steel sales: 5.11mt, up by 26% YoY
- Highest ever quarterly Revenue from operations: ₹36,011 crores, up by 48% YoY
- Quarterly Operating EBITDA: ₹6,907 crores, lower by 14% YoY
- Quarterly Net profit after tax: ₹2,637 crores

Consolidated Performance:

- Highest ever quarterly Crude Steel production: 5.81mt, up by 11% QoQ & 38% YoY
- Highest ever quarterly Saleable Steel sales: 5.99mt, up by 29% QoQ & 47% YoY
- Highest ever quarterly Revenue from operations: ₹46,895 crores, up by 23% QoQ & 74% YoY
- Operating EBITDA: ₹9,184 crores, up by 1% QoQ & 9% YoY
- Net Profit after tax: ₹3,343 crores
- Net Debt to Equity : 0.83x and Net Debt to EBITDA : 1.45x

Key Highlights for FY2022:**Standalone Performance:**

- Highest ever annual Crude Steel production: 17.62mt, higher by 17% YoY
- Highest ever annual Saleable Steel sales: 16.52mt, higher by 11% YoY
- Highest ever annual Revenue from operations: ₹118,820 crores, up by 68%YoY
- Highest ever annual Operating EBITDA: ₹31,868 crores, up by 65%YoY
- Highest ever annual Net profit after tax: ₹16,702 crores, up by 99% YoY

Consolidated Performance:

- Highest ever annual Crude Steel production: 19.51mt, up by 29% YoY
- Highest ever annual Saleable Steel sales: 18.18mt, up by 21% YoY
- Highest ever annual Revenue from operations: ₹146,371 crores, up by 83%YoY
- Highest ever annual Operating EBITDA: ₹39,007 crores, up by 94%YoY
- Highest ever annual Net Profit after tax: ₹20,938 crores, up by 166% YoY

Note: mt denotes million tonnes

During the fourth quarter of FY 2021-22, the global economy witnessed significant volatility arising out of the geopolitical tensions between Russia and Ukraine and continued supply chain disruptions. Even though India's trade and economic activity strengthened following the steady fall in Covid cases and normalization of activity, inflation accelerated in line with global trends, exacerbated by the sharp rise in energy prices.

The domestic steel industry continued to see steady demand from the government's continued focus on public infrastructure. Investments in the construction and infrastructure sector continued to support steel consumption. Hence the steel industry witnessed an increase in finished steel consumption by 7.2% in Q4 FY 2021-22 over the previous quarter.

On the back of this strong demand environment, the Company delivered a strong set of numbers, achieving an average capacity utilization of 98% for the quarter vs 94% in Q3 FY 2021-22 from the existing standalone operations, and further supplemented by ramp-up of the Dolvi phase-II expansion.

Operational Performance Q4 FY2022:

The details of standalone production and sales volumes for the quarter are as under:

Particulars	(Million tonnes)					
	4Q FY2022	4Q FY2021	%YOY Growth	FY2022	FY2021	%YOY Growth
Production: Crude Steel	5.01	4.19	20%	17.62	15.08	17%
Sales:						
- Rolled: Flat	3.79	2.97	28%	12.06	11.00	10%
- Rolled: Long	1.20	1.00	20%	3.87	3.15	23%
- Semis	0.13	0.09	44%	0.58	0.73	-21%
Total Saleable Steel Sales	5.11	4.06	26%	16.52	14.88	11%

Standalone Performance Q4 FY2022:

The Company reported highest ever Crude Steel Production of 5.01 million tonnes, which was higher by 20% YoY due to higher capacity utilization of ~98% at the existing facilities and additional production of 0.59 million tonnes from Dolvi Phase-II during the quarter. Saleable Steel sales for the quarter was 5.11 million tonnes, an increase of 26% YoY.

The Company's Revenue from operations stood at ₹36,011 crores, up by 48% YoY led by higher sales volumes (up 26% YoY), higher value-added steel volume (up 23% YoY) and increase in net sales realization (up 23% YoY). Exports were at 0.87 million tonnes in Q4 FY2022 vs 0.84 million tonnes in Q4 FY2021.

Operating EBITDA for the quarter stood at ₹6,907 crores, down by 14% YoY, with an EBITDA margin of 19.18%, impacted by higher prices of iron ore, coking coal, steam coal and natural gas, partly offset by a 23% increase in sales realization. Overall volume of iron ore from captive mines in the fourth quarter constituted 37% of the total iron ore requirement.

Subsequent to the year end, a subsidiary company in USA received a final arbitration order on its dispute with the lessors of coking coal mining lease and plant lease and a consequential notice of termination of lease.

Accordingly, an impairment provision of ₹722 crores is recorded towards the value of the loans given to overseas subsidiary.

The Company reported net profit after tax of ₹2,637 crores for the quarter as against ₹4,018 crores for Q4 FY2021.

Subsidiaries' Performance Q4 FY2022:

JSW Steel Coated Products: (Consolidated)

During the quarter, JSW Steel Coated Products registered a production volume of 0.79 million tonnes (GI/GL & Tin products) and sales volume of 0.94 million tonnes. Revenue from operations and Operating EBITDA for the quarter stood at ₹8,935 crores and ₹325 crores, respectively. Net Profit after Tax was ₹116 crores for the quarter.

Bhushan Power & Steel Ltd (BPSL):

During the quarter, BPSL registered Crude Steel Production of 0.71 million tonnes and Sales volume of 0.78 million tonnes. Exports accounted for 33% of the sales mix. Revenue from Operations and Operating EBITDA for the quarter stood at ₹6,125 crores and ₹1,553 crores, respectively. It reported a Profit after Tax of ₹1,044 crores for the quarter.

JSW Steel USA Ohio Inc.:

The EAF-based steel manufacturing facility in Ohio, USA, produced 64,908 net tonnes of HRC and 106,884 net tonnes of Slabs during the quarter. Sales volumes for the quarter stood at 74,185 net tonnes of HRC and 12,788 net tonnes of Slabs. It reported an EBITDA of US \$10.43 million for the quarter.

US Plate and Pipe Mill:

The Plate and Pipe Mill facility in Texas, USA, produced 63,494 net tonnes of Plates, and 1,008 net tonnes of Pipes during the quarter. Sales volumes for the quarter stood at 68,969 net tonnes of Plates and 977 net tonnes of Pipes. It reported an EBITDA of US \$29.05 million for the quarter.

JSW Steel (Italy) S.r.l. (Aferpi):

The Italy based rolled long products manufacturing facility produced 109,863 tonnes and sold 117,692 tonnes during the quarter. It reported an EBITDA loss of Euro 0.97 million for the quarter.

Consolidated Financial Performance Q4 FY2022:

Saleable Steel sales for the quarter stood at 5.99 Million tonnes, higher by 47% YoY. Revenue from operations stood at ₹46,895 crores an increase of 74% YoY, with operating EBITDA at ₹9,184 crores. The Net profit after tax for the quarter was ₹3,343 crores, after incorporating the financials of subsidiaries, joint ventures and associates.

Subsequent to the year end, a subsidiary in USA received a final arbitration order on its dispute with the lessors of coking coal mining lease and plant lease and a consequential notice of termination of lease. Accordingly, an impairment provision of ₹710 crores is recorded towards the value of property, plant & equipment, goodwill, other assets and accrual of resultant liabilities. Further, the Company has recognised a provision of ₹31 crores towards impairment of Capital Work In Progress at Ranchi, Jharkhand based on assessment of the recoverable value. The same is disclosed as an exceptional item.

The Company's consolidated Net gearing (Net Debt to Equity) stood at 0.83x at the end of the quarter (vs. 1.02x at the end of 3Q FY2022) and Net Debt to EBITDA stood at 1.45x (vs. 1.73x at the end of 3Q FY2022). During the Quarter, net debt reduced by ₹9,662 crores.

Production and Sales Summary: (million tonnes)

Particulars	Q4 FY2022		12M FY2022	
	Crude Steel Production	Sales	Crude Steel Production	Sales
JSW Steel Standalone	5.01	5.11	17.62	16.52
Bhushan Power & Steel Ltd.#	0.71	0.78	2.72	2.59
JSW Steel USA Ohio	0.10	0.08	0.55	0.48
Joint Control Entities:				
JSW Ispat Special Products Ltd.	0.17	0.17	0.58	0.58
JSW Steel Indian Operations including Joint Control Entities	5.88	6.06 *	20.92	19.69 *
Total Combined Volumes	5.98	6.14 *	21.47	20.17 *

* Without eliminating inter-company volumes

BPSL is a Subsidiary from 1st October 2021.

Annual Performance FY2022

In FY 2021-22 the global economy witnessed volatility arising out of the resurgence of COVID-19 variants, geopolitical tensions between Russia and Ukraine and continued supply chain disruptions. Despite the uncertainties, the Indian economy continued to grow steadily during the year, driven by growth in consumption, investment and increased government spending.

The economy has remained on a steady path, with several high-frequency indicators maintaining pace. On the trade front, India's merchandise exports reached an all-time high of US\$420 billion in FY 2022, driven by exports of hi-tech goods, electronics and agricultural products. India's service exports recorded a peak of US\$250 billion in FY 2022.

On the back of strong demand, the Company registered its highest ever Crude steel production at 17.62 million tonnes and achieved 95% of its standalone sales and crude steel production volume guidance of 17.4 and 18.5 million tonnes respectively for FY 2022.

Sales of value added and special products (VASP) accounted for 60% of total sales volumes for the year. JSW has established strong brands over the years, and branded products sales stood at 47% of total retail sales. The Company exported 4.57 million tonnes of steel in FY 2022, an increase of 8% YoY and exports accounted for 28% of total sales. (numbers in this paragraph are excluding BPSL)

Merger of JSW Ispat Special Products Ltd.:

The board of directors of JSW Steel, Creixent Special Steels Limited ("CSSL") and JSW Ispat Special Products Limited ("JISPL") at their respective meetings held today, have approved a scheme of arrangement for the amalgamation of JISPL and CSSL with and into JSW Steel ("Scheme") under the provisions of Sections 230 to 232 of the Companies Act, 2013 ("Proposed Amalgamation").

The Scheme is subject to approval of the respective shareholders and creditors of JSW Steel, JISPL and CSSL, the stock exchanges (namely, BSE Limited and National Stock Exchange of India Limited), Securities and Exchange Board of India, National Company Law Tribunal and other regulatory approvals as may be required.

The merger will bring synergies across the business and value chain, and enhance JSW Steel's presence in Central India.

Further details and terms of the Proposed Amalgamation are available in the separate transaction announcement made by the Company.

Update on Projects:

The 5mtpa brownfield expansion at Vijayanagar is progressing well, with civil works underway at the site. Long lead-time items have been ordered, and Letters of Credit established. The project is expected to be completed by FY 2024.

Completed commissioning of downstream projects being Continuous Galvanized lines and Colour coated Line (CCL) at Vijayanagar. The remaining downstream projects at Vasind and Tarapur expected to be completed in Q1 of FY 2023.

The expansion at BPSL to 3.5mtpa is progressing well and is expected to be completed by Q2 FY 2023. Long lead-time items have been ordered for the Phase-II expansion (from 3.5mtpa to 5mtpa) and the project is expected to be completed by FY 2024.

The Company's capex spent was ₹3,845 crores during Q4 FY 2022 and ₹14,198 crores during FY 2022, against the planned capex spend of ₹18,240 crores for FY 2022. Additionally, during Q4 FY 2022, BPSL spent capex of ₹211 crores.

Dividend:

The Board has recommended dividend at ₹ 17.35 per equity share on the 241,72,20,440 equity shares of ₹1 each for the year ended March 31, 2022, subject to the approval of the Members at the ensuing Annual General Meeting.

The total outflow on account of equity dividend will be ₹4,194 crores, vis-a-vis ₹1,571 crores paid for FY2021.

Guidance for FY2023:

The guidance for FY2023 is as follows: (Million tonnes)

Particulars	Crude Steel	Sales
Consolidated Indian operation	23.60	22.60
Joint Control:		
JSW Ispat Special Products Ltd	0.70	0.70
Indian Op. Including Joint Control	24.30	23.30
JSW Steel USA Ohio	0.70	0.70
Total Combined Volumes :	25.00	24.00

Outlook

The ongoing Russia-Ukraine crisis and impact of the pandemic has led to a severe impact on global supply chains, which in turn has resulted in widespread volatility in the commodities market and given rise to

inflationary pressures across most economies. Hence, even as the global economy grew by 6.1% in CY 2021, the International Monetary Fund has moderated its CY 2022 growth forecast to 3.6%, from 4.4% in January.

In the United States, despite ongoing healthy economic recovery, high inflation and aggressive monetary policy tightening by the Federal Reserve is expected to impact growth. The Fed raised interest rates in March 2022, its first hike since December 2018, and announced faster tapering of its asset purchases.

The European Union has been more severely impacted by supply chain disruption and higher energy costs emanating from the Russia-Ukraine crisis. This along with possible rate hikes as early as July 2022, will impact growth. In the UK, the Bank of England continued with monetary policy tightening, raising its policy rate for the third time in March 2022. This coupled with the disruptions in energy supplies from Russia is expected to lead to moderate growth for Europe in CY 2022.

The Zero Covid Strategy adopted by China has led to severe lockdowns and has impacted economic activity since March 2022. As the Chinese economy witnesses decline in consumption and industrial production, business sentiment remains weak. The recent easing by PBOC is a positive, with further fiscal and monetary stimulus expected going forward to stimulate the economy.

Even as growth estimates have been revised downwards, India is expected to be the fastest growing major economy in the world. Withdrawal of Covid restrictions and normalisation of the economy has led to a broad based recovery in most sectors. Infrastructure and manufacturing initiatives by the government are supportive of growth, and healthy tax collections provide the government with enhanced flexibility. Realignment of global supply chains will continue to provide opportunities to grow exports. Outlook for auto sales, especially PVs and M&HCV, remains healthy. Real estate market remains strong despite rising interest rates. Healthy power consumption growth is expected to aid addition of renewables. However, high inflation, energy costs, and rate hikes by the RBI and global central banks will be dampeners to growth.

About JSW Steel:

JSW Steel is the flagship business of the diversified US\$ 22 billion JSW Group. As one of India's leading business houses, JSW Group also has other business interests in sectors such as energy, infrastructure, cement, paints, sports and venture capital. JSW Steel, certified as Great Places To Work in 2021, has emerged as an organization with strong cultural foundation and great potential to be among the Top 100 companies. Over the last three decades, it has grown from a single manufacturing unit to become India's leading integrated steel company with capacity of 28 MTPA in India & USA (including capacities under joint control). Its roadmap for the next phase of growth includes a target of achieving 37.5 MTPA steel capacity by FY25. The Company's manufacturing unit in Vijayanagar, Karnataka is the largest single location steel-producing facility in India with a capacity of 12 MTPA. JSW Steel has always been at the forefront of research and innovation. It has a strategic collaboration with global leader JFE Steel of Japan, enabling JSW to access new and state-of-the-art technologies to produce & offer high-value special steel products to its customers. These products are extensively used across industries and applications including construction, infrastructure, automobile, electrical applications, appliances etc. JSW Steel is widely recognized for its excellence in business and sustainability practises. Some of these recognitions include World Steel Association's Steel Sustainability Champion (consecutively 2019 to 2021), Leadership Rating (A-) in CDP (2020), Deming Prize for TQM for its facilities at Vijayanagar (2018) and Salem (2019). It is part of the Dow Jones Sustainability Index (DJSI) for Emerging Markets (2021) and S&P Global's Sustainability Yearbook (consecutively for 2020 and 2021). JSW Steel is the only Indian company to be ranked among the top 15 global steel producers by World Steel Dynamics for 13 consecutive years since 2008. As a responsible corporate citizen, JSW Steel's carbon reduction goals are aligned to India's Climate Change commitments under the Paris Accord.

Forward Looking and Cautionary Statements:

Certain statements in this release concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition within Steel Industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our internal operations, reduced demand for steel, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which – has made strategic investments, withdrawal of fiscal governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the Company.

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