

Financial Performance for Fourth Quarter and Financial Year 2020-21

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, 2021 ("Q4 FY2021" or the "Quarter" and "FY2021" or the "Year").

Key highlights for Q4 FY2021:**Standalone Performance:**

- Crude Steel production: 4.19 million tonnes, up by 6% YoY
- Saleable Steel sales: 4.06 million tonnes, up by 10% YoY
- Highest ever quarterly Revenue from operations: ₹24,398 crores, up by 60% YoY
- Highest ever quarterly Operating EBITDA: ₹8,021 crores, up by 149% YoY
- Highest ever quarterly Net profit after tax: ₹4,018 crores

Consolidated Performance:

- Saleable Steel sales: 4.06 million tonnes, up by 11% YoY
- Highest ever quarterly Revenue from operations: ₹26,934 crores, up by 51% YoY
- Highest ever quarterly Operating EBITDA: ₹8,440 crores, up by 184% YoY
- Highest ever quarterly Net profit after tax: ₹4,191 crores
- Net Debt to Equity : 1.14x and Net Debt to EBITDA : 2.61x

Key highlights for the year FY2021:**Standalone Performance:**

- Crude Steel production: 15.08 million tonnes, lower by 6% YoY
- Saleable Steel sales: 14.88 million tonnes, lower by 1% YoY
- Revenue from operations: ₹70,727 crores, up by 10%YoY
- Highest ever annual Operating EBITDA: ₹19,259 crores, up by 54%YoY
- Highest ever annual Net profit after tax: ₹8,393 crores, up by 59% YoY

Consolidated Performance:

- Saleable Steel sales: 14.95 million tonnes
- Revenue from operations: ₹79,839 crores, up by 9%YoY
- Highest ever annual Operating EBITDA: ₹20,141 crores, up by 70%YoY
- Highest ever annual Net profit after tax: ₹7,873 crores, up by 101% YoY

The exceptional fourth quarter performance of the Company was due to strong domestic demand supplemented by exports, and improved steel prices. The global and Indian economies showed remarkable recovery supported by large fiscal and accommodative monetary stimulus extended by governments and central banks that facilitated faster V-shaped recovery. However, the emergence of a second wave of Covid in India has dampened the sentiment due to widespread localised lockdowns in several parts of the country.

Operational Performance Q4 FY2021:

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

| Particulars | (Million tonnes) | | | | | |
|-----------------------------------|------------------|--------------|----------------|--------------|--------------|----------------|
| | 4Q FY2021 | 4Q FY2020 | %YOY Growth | FY2021 | FY2020 | %YOY Growth |
| Production: Crude Steel | 4.19 | 3.97 | 6% | 15.08 | 16.06 | -6% |
| Sales: | | | | | | |
| - Rolled: Flat | 2.97 | 2.70 | 10% | 11.00 | 10.92 | 1% |
| - Rolled: Long | 1.00 | 0.86 | 17% | 3.15 | 3.52 | -11% |
| - Semis | 0.09 | 0.13 | -32% | 0.73 | 0.63 | 16% |
| Total Saleable Steel Sales | 4.06 | 3.70 | 10% | 14.88 | 15.08 | -1% |

Standalone Performance Q4 FY2021:

The Company reported Crude Steel Production of 4.19 Million tonnes, which was higher by 6% YoY due to higher capacity utilization levels of ~93% for the quarter. Saleable Steel sales for the quarter was 4.06 Million tonnes, an increase of 10% YoY.

The Company's Revenue from operations stood at ₹24,398 crores, up by 60% YoY led by higher sales volumes (up 10% YoY), higher value added steel volume (up 37% YoY) and increase in net sales realization of (up 39% YoY). The exports were at 21% of total sales mix in Q4 FY2021 vs 10% in Q3 FY2021, on the back of robust global recovery.

Operating EBITDA for the quarter stood at ₹8,021 crores, up by 149% YoY with an EBITDA margin of 32.9%, led by enhanced spreads, favourable product mix and continued upward trend in steel prices. This was partly offset by higher prices of iron ore, coal and natural gas. Overall volume of iron ore from captive mines in the fourth quarter constituted 42% of total iron ore requirement.

Exceptional items for the quarter and year ended 31 March 2021 represents impairment provision of ₹ 386 crores on value of loans given and interest receivable from overseas subsidiaries on the assessment of recoverable value of the US operations determined by independent external valuers using cash flow projections.

The Company reported net profit after tax of ₹4,018 crores for the quarter as against ₹2,829 crores for Q3 FY2021.

Subsidiaries' Performance Q4 FY2021:

JSW Steel Coated Products:

During the quarter, JSW Steel Coated Products registered a production volume of 0.51 million tons (GI/GL & Tin products) and sales volume of 0.62 million tonnes. Revenue from operations and Operating EBITDA for the quarter stood at ₹4,950 crores and ₹519 crores, respectively. Net Profit after Tax was ₹324 crores for the quarter.

Asian Colour Coated Ispat Limited (ACCIL):

During the quarter, ACCIL registered a production volume of 0.14 million tons (GI/GL) and sales volume of 0.16 million tonnes. Revenue from operations and Operating EBITDA for the quarter stood at ₹1,122 crores and ₹130 crores, respectively.

JSW Steel USA Ohio Inc.:

The EAF-based steel manufacturing facility in Ohio, USA, produced 1,828 net tonnes of HRC and 21,170 net tonnes of Slabs during the quarter. Sales volumes for the quarter stood at 9,880 net tonnes of HRC and 3,402 net tonnes of Slabs. It reported an EBITDA loss of US \$24.18 million for the quarter. The EAF was shut down for part of the year for upgradation; it has restarted in mid-March 2021 following the upgrade, and is ramping up well. A long-term tolling agreement for rolling slabs to HRC has been signed with Allegheny Technologies Inc., which has high quality mills and capabilities. This arrangement will provide the flexibility to meet customer requirements, as well as feed the US Plate and Pipe Mill.

US Plate and Pipe Mill:

The Plate and Pipe Mill facility in Texas, USA, produced 18,309 net tonnes of Plates, reporting a capacity utilization of 11% during the quarter. Sales volumes for the quarter stood at 16,485 net tonnes of Plates and 203 net tonnes of Pipes. It reported an EBITDA loss of US \$6.60 million for the quarter. The facility was shut down for part of the year in conjunction with the shutdown taken at the Ohio steel-making facility, and is now ramping up well.

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

The Italy based rolled long products manufacturing facility produced 89,163 tonnes and sold 116,988 tonnes during the quarter. It reported an EBITDA loss of Euro 2.52 million for the quarter.

Consolidated Financial Performance Q4 FY2021:

Saleable Steel sales for the quarter stood at 4.06 Million tonnes, higher by 11% YoY.

Revenue from operations stood at ₹26,934 crores an increase of 51% YoY, with operating EBITDA at ₹8,440 crores. The Net profit after tax for the quarter was ₹4,191 crores, after incorporating the financials of subsidiaries, joint ventures and associates.

Exceptional items for the quarter and year ended 31 March 2021 represents impairment provision of ₹83 crores relating to the US coal business towards the value of Property, plant and equipment and Goodwill on the basis of values determined by independent external valuers using cash flow projections of respective businesses and assets.

The Company's consolidated Net gearing (Net Debt to Equity) stood at 1.14x at the end of the quarter (vs. 1.48x at the end of 4QFY2020) and Net Debt to EBITDA stood at 2.61x (vs. 4.50x at the end of 4Q FY2020). The Debt has come down by ₹858 crores even after spending on capex expenditure/ acquisitions aggregating to around ₹15,000 crores during FY 2021.



Annual Performance FY2021

FY 2021 started on a difficult note due to the pandemic, which was followed by a steady recovery in economic activity. The lockdowns across the globe owing to Covid-19, led to weakened consumption and decline in economic growth in Q1 FY2021. However, with the synchronised monetary and fiscal policy measures, the Indian and global economy witnessed revival with improving business and consumer sentiment and higher demand and pricing. Strong fiscal measures with infrastructure spending being one of the focus areas, led to strong demand for steel and other metals globally. While services remained constrained due to the pandemic, manufacturing picked up strongly across the world.

Amidst the fluctuations and uncertainties induced by the pandemic, the Company was able to gradually normalize its operations from Q2, and ramp up production to cater to the surge in demand following the pick-up in economic activity in India and globally. Crude steel production was 15.08 Million tonnes and average capacity utilisation levels reached ~96% in March 2021.

The Company achieved 99% of its standalone sales and revised crude steel production volume guidance of 15.0 and 15.2 Million tonnes respectively for FY 2021.

Sales of value added and special products (VASP) accounted for 52% of total sales volumes for the year. JSW has established strong brands over the years, and branded products' sales stood at 48% of total retail sales. The Company exported 4.23 million tonnes of steel in FY2021, an increase of 36% YoY and exports accounted for 28% of total sales (compared to 21% in FY2020).

Ongoing Projects update:

- **Dolvi Expansion:** Pellet Plant, Coke Oven Battery-D and Hot Strip Mill for the plate rolling part of the expansion project at Dolvi from 5 MTPA to 10 MTPA steelmaking capacity has been operationalized. Completion work pertaining to the Blast Furnace and Steel Melt Shop has been impacted by the ongoing Covid disruption. The company now expects full integrated operations by September 2021
- **Vijayanagar:** The 8 MTPA Pellet plant was fully commissioned in March 2021 and pellet production is underway.

Post the completion of the Pickling Line and Tandem Cold Mill (PLTCM) project, one out of two Continuous Galvanising Lines (CGL) has also commenced production, and the second CGL will be operationalised by Q2 FY2022.

SMS-3 Upgradation: The Caster & Zero Power Furnace were commissioned in March 2021.

- **Vasind and Tarapur:** All expansions (except CGL-4, Continuous Annealing Line (CAL) at Vasind, and Tinplate Line-2 at Tarapur) are completed. CGL-4 is expected to be commissioned in Q2 FY2022, CAL by Q4 FY2022 and Tinplate-2 by Q1 FY2023.

New Projects:

The Board has approved some key projects, which will enable JSW Steel to continue to meet the growth in steel demand in India, in line with the Government's national steel policy projections of 300mtpa capacity requirements by 2030. The new projects approved entail a capex of ₹25,115 crores (including sustenance & other capex of ₹6,565 crores) spread over 3 years from FY22 to FY24.

- **5mtpa expansion at Vijayanagar:** JSW Steel will expand its steel-making capacity by 5mtpa at Vijayanagar from the existing 12mtpa at a capex cost of ₹15,000 crores. Vijayanagar is India's largest single-location steel plant, and this brownfield expansion will be completed by FY 2024. The company will leverage its strong capabilities and track record of implementing brownfield expansions efficiently.
- **Iron Ore mines in Odisha:** JSW Steel has 4 iron ore mine leases in Odisha that were acquired in auctions in FY2020, and JSW has successfully operationalized and ramped up all these mines in FY2021. The Company will enhance its mining capabilities and efficiencies at a capex of ₹3,450 crores. JSW Steel will enhance its own mining infrastructure to reduce reliance on outsourced mining, implement digitalization, and set up grinding and washing facilities to improve the quality of the ore which will lead to higher productivity at the steel-making operations.
- **Colour Coated facility in Jammu & Kashmir:** To cater to the growing demand and to support economic development in the state, JSW Steel will set up a 0.12 MTPA colour coated downstream steel facility in Jammu & Kashmir. This will entail a capex of ₹100 crores.

Update on Key M&A:

FY2021 was a successful year on the inorganic growth front, with the Company completing several strategic acquisitions:

- **Asian Colour Coated Ispat Limited (ACCIL):**
 - Acquired in October 2020 for ₹1,550 crores through the IBC process
 - Pure-play downstream company with a capacity of 1 MTPA, with production facilities in Maharashtra and Haryana
 - Major products: Galvanized and Colour Coated Coils & Sheets mainly for White Goods, Industrial Sheds, Pipes, Drums and Barrels, etc.
- **Bhushan Power and Steel Limited (BPSL):**
 - Acquired BPSL in March 2021 with current stake of 49% through IBC process. Payment to financial creditors in IBC process for 100% stake was ₹19,350 crores. The cash outgo from the company was ₹5,087 crores.
 - Integrated steel producer with liquid steel capacity of over 2.5mtpa in Jharsuguda, Odisha, primarily flat steel. Downstream facilities in Kolkata and Chandigarh
 - Acquisition gives JSW Steel strategic presence in Eastern India
- **Plate and Coil Mill Division (PCMD) of Welspun Corp Ltd.:**
 - Acquired PCMD business of Welspun Corp for ₹850 crores

- Manufactures high-grade steel plates and coils. Located in Anjar, a port based facility in Gujarat with a capacity of 1.2 MTPA
- Acquisition enables JSW Steel's entry into different grades of steel products, esp. plates

Dividend:

The Board has recommended dividend at ₹ 6.50 per equity share on the 241,72,20,440 equity shares of ₹1 each for the year ended March 31, 2021, subject to the approval of the Members at the ensuing Annual General Meeting.

The total outflow on account of equity dividend will be ₹ 1,571 crores, vis-a-vis ₹483 crores paid for FY2020.

Guidance for FY2022:

The guidance for FY2022 is as follows : (Million tonnes)

| Particulars | Crude Steel | Sales |
|---------------------------------|--------------|--------------|
| Existing Operations | 17.00 | 16.00 |
| Dolvi Phase 2 Expansion | 1.50 | 1.40 |
| JSW Steel Standalone : | 18.50 | 17.40 |
| | | |
| JSW steel USA Ohio | 1.00 | 1.00 |
| | | |
| Joint Control : | | |
| Bhushan Power & Steel Ltd. | 2.80 | 2.60 |
| JSW Ispat Special Products Ltd. | 0.64 | 0.63 |
| | | |
| Total Combined Volumes : | 22.94 | 21.63 |

Outlook

The Covid-19 pandemic has been a "black swan" event for the global economy and humanity. The global and Indian economies swiftly recovered, supported by strong fiscal and monetary stimuli. Steel demand bounced back strongly in India as well as globally, while the supply is constrained, leading to a steady increase in prices from low levels. Subsequent waves have been dampeners to this recovery, depending on the severity of the wave and extent of lockdowns. However, subsequent lockdowns have generally been less stringent and more localised. India is in the midst of a severe second wave. While the lockdowns are less stringent and vary from state to state compared to the national lockdown imposed in 2020, the spread of the pandemic and resulting human impact is unfortunately more severe. JSW Steel is playing a major role in supporting the communities and the nation, and is one of the largest contributors of oxygen supply, and setting up oxygenated hospital beds in record time. The company has set up a 1,000

beds jumbo hospital at Vijayanagar and a 100-bed (to be scaled up to 500 beds) hospital at Dolvi.

Based on the experience of other countries, medical experts believe the current Covid wave may have peaked out in India, and expect reduction in cases, allowing gradual easing of lockdowns. Vaccinations will be a major counter to the virus, helping to reduce mutations and subsequent waves. The Indian government is expecting availability of 2 billion vaccines between August and December.

While the timing and trajectory of reopening of the Indian economy will follow the decline in cases, the government's pro-growth policies and recent Union Budget for FY22 should help the economy recover and resume its trajectory of robust growth that were witnessed prior to the onset of the second wave.

About JSW Steel Ltd.: JSW Steel Ltd. is the flagship company of the diversified US\$ 13 billion JSW Group which has a leading presence in sectors such as steel, energy, infrastructure, cement, sports among others. From a single manufacturing unit in the early 1980s, JSW Steel Ltd, today, is one of the foremost integrated steel company in India with an installed capacity of 18 MTPA, and has plans to scale it up in India and overseas. JSW Steel's manufacturing facility at Vijayanagar, Karnataka is the largest single location steel-producing facility in India with a capacity of 12 MTPA. The Company has been at the forefront of state-of-the-art, cutting-edge technology, research and innovation while laying the foundation for long-term growth. Strategic collaborations with global technology leaders to offer high-value special steel products for various applications across construction, automobile, appliances and other sectors. JSW Steel Ltd. has been widely recognised for its business and operational excellence. Key awards include Deming Prize for Total Quality Management at Vijayanagar (2018), DJSI RobecoSAM Sustainability Industry Mover Award (2018) among others.

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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