

## Financial Performance for First Quarter FY 2023-24

**Kyoto, Japan:** JSW Steel Limited (“JSW Steel” or the “Company”) today reported its financial results for the fiscal First Quarter ended 30<sup>th</sup> June, 2023 (“Q1 FY24” or the “Quarter”).

### Key Highlights for Q1 FY24

#### Consolidated Performance:

- Crude Steel Production: 6.43 million tonnes
- Saleable Steel Sales: 5.71 million tonnes
- Revenue from Operations: ₹42,213 crores
- Operating EBITDA: ₹ 7,046 crores
- Net Profit after Tax: ₹2,428 crores
- Net Debt to Equity: 0.96x and Net Debt to EBITDA: 3.14x

The global economy has remained resilient despite the headwinds of high core inflation, tighter financial conditions and banking sector stress. The World Bank has recently upgraded its growth forecast for the global economy in 2023 by 40bps compared to its prior forecast in January 2023.

India’s GDP growth for FY23 was robust at 7.2%, driven by strong recovery in consumption, fixed investments and higher exports. Domestic economic activity has been robust in Q1 FY24 as reflected in high frequency indicators. The PMI for manufacturing and services indicated sustained expansion, with the manufacturing PMI in May at the highest level in approximately 3 years, and services PMI in April at a 13-year high. Domestic air passenger traffic, e-way bills, toll collections and diesel consumption displayed buoyancy in April and May, while railway freight and port traffic registered modest growth. Rural demand is gradually improving.

Investment activity is picking up as reflected in the healthy expansion in steel and cement consumption. India’s finished steel consumption during Q1 FY24 was 30.3 million tonnes, up 10.2% YoY while crude steel production grew 8.4% YoY.

#### Consolidated Financial Performance for Q1 FY24:

Consolidated Crude Steel Production for the quarter stood at 6.43 million tonnes, higher by 11% YoY & lower by 2% QoQ. The Company had taken certain scheduled shutdowns at Indian operations during the quarter, hence the average capacity utilization for Q1 FY24 was 92% compared to 96% in Q4 FY23.

Steel Sales for the quarter stood at 5.71 million tonnes, higher by 27% YoY & lower by 13% QoQ, impacted by channel de-stocking, with exports also being impacted by delayed loading due to the cyclone on the western coast of India towards the end of the quarter.

# PRESS RELEASE

21<sup>st</sup> July 2023



The company registered Revenue from Operations of ₹42,213 crores and Operating EBITDA of ₹7,046 crores, with an EBITDA margin of 16.7%. The QoQ fall in EBITDA was attributable to lower sales volumes, higher cost of iron ore partially offset by marginal increase in realisations on the back of higher export prices, and higher EBITDA from the overseas operations. The Profit after Tax for the quarter was ₹2,428 crores.

The Company's consolidated Net Gearing (Net Debt to Equity) stood at 0.96x at the end of the quarter (as against 0.89x at the end of Q4 FY23), and Net Debt to EBITDA stood at 3.14x (as against 3.20x at the end of Q4 FY23). The Net Debt increased to ₹66,797 crores during the quarter, driven mainly by higher working capital.

## Production and Sales Summary:

Particulars (million tonnes)	Q1 FY24		Q1 FY23	
	Crude Steel Production	Sales	Crude Steel Production	Sales
<b>Consolidated Indian Operations</b>	<b>6.19</b>	<b>5.47</b>	<b>5.62</b>	<b>4.33</b>
JSW Steel USA Ohio	0.24	0.23	0.16	0.16
<b>JSW Steel Consolidated Operations</b>	<b>6.43</b>	<b>5.71</b>	<b>5.77</b>	<b>4.49</b>
Joint Control Entity:				
JSW Ispat Special Products Ltd.	0.18	0.17	0.11	0.12
<b>Total Combined Volumes</b>	<b>6.61</b>	<b>5.87</b>	<b>5.88</b>	<b>4.61</b>
<b>Guidance for FY24: Production 26.34 Mnt &amp; Sales 25.00 Mnt</b>				

## Standalone Performance for Q1 FY24:

The Crude Steel Production was at 5.44 million tonnes, up 9% YoY but down 3% QoQ, due to certain planned maintenance shutdowns.

Standalone Steel Sales volumes were 4.93 million tonnes for the quarter, up 22% YoY but down 13% QoQ, primarily due to channel de-stocking and exports impacted by delayed loading due to the cyclone on the western coast of India towards the end of the quarter.

The Company registered Revenue from Operations of ₹32,791 crores, higher by 5% YoY & lower by 12% QoQ. The sequential decline was mainly due to lower sales volumes.

The Company registered Operating EBITDA at ₹4,861 crores for Q1 FY24, higher by 45% YoY but a reduction of 22% QoQ. The EBITDA margin for the quarter was 14.8%. The EBITDA was lower QoQ primarily due to lower sales volumes and higher iron ore cost, partially offset by lower coal cost and power & fuel costs.

The Company reported Profit after Tax of ₹1,705 crores for the quarter.

## **Subsidiaries' Performance for Q1 FY24:**

### **JSW Steel Coated Products: (Consolidated)**

During the quarter, JSW Steel Coated Products, including its subsidiaries, registered a production volume (GI/GL, Tin, CRCA & other saleable products) of 0.98 million tonnes and sales volume of 0.94 million tonnes. Revenue from Operations for the quarter stood at ₹8,179 crores, and an EBITDA of ₹387 crores. The margins were similar to the previous quarter. The subsidiary reported a Profit after Tax of ₹119 crores for the quarter.

### **Bhushan Power & Steel (BPSL):**

During the quarter, BPSL registered Crude Steel Production of 0.74 million tonnes and Sales volume of 0.69 million tonnes. Revenue from Operations and Operating EBITDA for the quarter stood at ₹5,474 crores and ₹703 crores, respectively. BPSL reported a Profit after Tax of ₹199 crores for the quarter.

### **JSW Steel USA Ohio:**

The EAF-based steel manufacturing facility in Ohio, USA, produced 73,919 net tonnes of HRC and 2,67,896 net tonnes of Slabs during the quarter. Sales volumes for the quarter stood at 75,199 net tonnes of HRC and 1,81,164 net tonnes of Slabs. It reported an EBITDA of US \$2.60 million for the quarter.

### **US Plate and Pipe Mill:**

The Plate & Pipe Mill based in Texas, USA produced 1,21,833 net tonnes of Plates and 10,339 net tonnes of Pipes, reporting a capacity utilization of 49% and 8%, respectively, during the quarter. Sales volumes for the quarter stood at 1,08,519 net tonnes of Plates and 11,383 net tonnes of Pipes. It reported an EBITDA of US\$ 44.96 million.

### **JSW Steel Italy Operations:**

The Italy based Rolled long products manufacturing facility produced 97,933 tonnes and sold 73,833 tonnes of rolled products during the quarter. It reported an EBITDA profit of Euro 18.6 million for the quarter.

## **Merger Update:**

### **Merger of JSW Ispat Special Products Limited (JISPL) with the Company**

The Board of Directors of the Company at their meeting held on 27 May, 2022 approved the Scheme of Amalgamation, providing for amalgamation of its Joint Venture, Creixent Special Steels Limited and its subsidiary JSW Ispat Special Products Limited (JISPL) with the Company. The Hon'ble National Company Law Tribunal has approved the scheme of merger on 22 June 2023 and the Company received the certified copy of the order on 12 July 2023. The scheme would be effective upon filing of the certified copy of the order with ROC and accordingly, no impact is given on account of this merger in the Standalone and Consolidated Financial Results for the quarter ended 30 June 2023.

### **Acquisition of National Steel and Agro Industries Limited (NSAIL)**

Pursuant to the Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 the Resolution Plan submitted by JSW Steel Coated Products Limited (JSCPL), a subsidiary of the Company, for acquiring NSAIL was approved by the Hon'ble National Company Law Tribunal on 19 May 2023. JSCPL completed the acquisition of NSAIL on 23 May 2023 by infusing Rs. 621 crores as per the approved resolution plan.

## **Merger of Vardhman Industries Limited (VIL) and JSW Vallabh Tinplate Private Limited (JVTP) with JSW Steel Coated Products Limited (JSCPL)**

Pursuant to the order of Mumbai Bench of Hon'ble National Company Law Tribunal dated 19 May 2023, which was made effective on 26th June 2023, the wholly owned subsidiaries of the Company, VIL and JVTP, have merged with JSCPL, a wholly owned subsidiary of the Company.

### **Update on Projects:**

The 5 MTPA brownfield expansion at Vijayanagar is progressing well, with civil works underway at the site. The construction activities of all packages are currently underway and equipment erection has commenced. The project is expected to be completed by end of FY24.

JSW Steel Coated Products Limited has commissioned the colour coated steel line of 0.25 MTPA at Rajpura in May. The colour coated steel line of 0.12 MTPA in Jammu and Kashmir is expected to be completed in Q4 FY24.

The Phase-II expansion (from 3.5 MTPA to 5 MTPA) at BPSL is progressing well and key equipment have been received at site for Wire Rod Mill-2, SMS-2, Lime Calcination Plant-6. Civil, Structural & Equipment erection work is in progress and is expected to be completed by the end of FY24.

The Company's capex spend was ₹4,094 crores during Q1 FY24, against the planned capex spend of ₹18,800 crores for FY24.

### **Outlook**

The global economy has been resilient in 2023 despite the challenges of persistent core inflation, tight monetary policy and weakening demand. The World Bank, in its outlook published in June, has increased its global GDP growth forecast for 2023 to 2.1% from 1.7% forecasted in January, while downgrading its 2024 forecast by 30bps to 2.4%. While services have been strong across regions, manufacturing activity is slowing.

The United States economy has held up well so far, primarily on strong services demand. The Inflation Reduction Act, CHIPS Act and the shift towards "re-shoring" supply chains are supporting new manufacturing investments. That said, elevated rates and tightening credit conditions along with ebbing surplus savings from the pandemic are expected to drive a slowdown during H2 CY23. However, faster than expected reduction in inflation could provide some upside.

The Euro area is witnessing a recovery in economic activity on the back of falling inflation and energy costs. Healthy wage growth and consumer confidence along with robust tourism is also supporting recovery in consumption. However, further rate hikes and weak external demand are headwinds for faster recovery.

In Japan, economic recovery is being driven by improving consumption, capex and inbound tourism. A weak currency is supporting corporate profitability, which in turn could drive new capex.

China's services sector has witnessed strong recovery after the removal of the Zero-Covid restrictions, but other areas remain below pandemic levels. Economic activity is slowing down and also resulting in very low inflation. The subdued global growth outlook will also weigh on Chinese exports. There are strong expectations of policy stimulus for reviving growth.

India remains well placed in the global economy as well as the evolving geopolitical landscape. The strong economic momentum continues, driven by infrastructure spends by the government, and positive business and consumer sentiments. India is favourably placed to secure new manufacturing investments as global supply chains re-align. Increase in offshoring and global capability centers (GCCs) being setup by multinational corporations and banks is a further positive for new employment generation as well as real estate and consumption. Healthy tax collections and lower energy prices are supportive for continued productive investments by the government in infrastructure and for providing incentives for new manufacturing facilities via the PLI scheme. Defence indigenisation is another area with significant potential. An uneven monsoon and global slowdown are key risks for the Indian economy.

## **About JSW Steel:**

- *JSW Steel is the flagship business of the diversified, US\$ 23 billion JSW Group. As one of India's leading business houses, JSW Group also has interests in energy, infrastructure, cement, paints, sports, and venture capital.*
- *Over the last three decades, JSW Steel has grown from a single manufacturing unit to become India's leading integrated steel company with a capacity of 29.7 MTPA in India and the USA (including capacities under joint control). Its next phase of growth in India will take its total capacity to 38.5 MTPA by FY25. The Company's manufacturing unit in Vijayanagar, Karnataka is the largest single location steel-producing facility in India with a capacity of 12.5 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 and offer high-value special steel products to its customers. These products are extensively used across industries and applications including construction, infrastructure, automobile, electrical applications, and appliances.*
- *JSW Steel is widely recognized for its excellence in business and sustainability practices. Some of these recognitions include World Steel Association's Steel Sustainability Champion (consecutively from 2019 to 2022), Leadership Rating (A) in CDP climate change disclosure (2022), Deming Prize for TQM for its facilities at Vijayanagar (2018), and Salem (2019). It was part of the Dow Jones Sustainability Index (DJSI) for Emerging Markets during 2021 and included in the S&P Global's Sustainability Yearbook (consecutively for 2020 and 2021).*
- *In December 2022, JSW Steel was ranked 8th among the top 35 world-class steelmakers, according to the 'World-Class Steelmaker Rankings' by World Steel Dynamics (WSD), based on a variety of factors.*
- *As a responsible corporate citizen, JSW Steel's CO2 emission reduction goals are aligned with India's Climate Change commitments under the Paris Accord.*
- *JSW Steel aims to reduce its CO2 emissions by 42% from its steel-making operations and achieve net zero CO2 emissions at its subsidiary, JSW Steel Coated Products Ltd by 2030. JSW Steel aims to lead the energy transition by powering steel-making operations entirely by renewable energy by 2030.*
- *Other sustainability targets include achieving no-net loss in biodiversity at the operating sites by 2030, substantially improving air quality and reducing water consumption in all operations and maintaining Zero Liquid Discharge.*
- *JSW Steel has emerged as an organisation with a strong cultural foundation. It is certified by Great Places to Work (2021, 2022 and 2023) as well as ranked as one of the Best Employers among Nation Builders (2023).*

# PRESS RELEASE

21<sup>st</sup> July 2023



## **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.*

## **Media Contact:**

JSW Group Corporate Communications	
<b>Frederick Castro</b>	<b>Mithun Roy</b>
Mobile: +91 99206 65176	Mobile: +91 98190 00967
Email: <a href="mailto:frederick.castro@jsw.in">frederick.castro@jsw.in</a>	Email: <a href="mailto:mithun.roy@jsw.in">mithun.roy@jsw.in</a>