



JSW Steel reports Net profit of ₹ 822 crores – Q2 FY 12-13

JSW Steel Limited reported production and sales volume of 2.17 million tonnes for Q2 FY13.

Performance Highlights: Standalone (Growth over YoY)

Products	Q2 FY13		H1 FY13	
Crude Steel Production (in MnT):	2.17	25%	4.32	26%
Sales (in MnT):				
- Semis	0.11	39%	0.16	-26%
- Rolled: Flat	1.66	13%	3.33	21%
- Rolled: Long	0.40	19%	0.79	25%
Total Saleable Steel (in MnT)	2.17	15%	4.28	19%
Net Sales Value (₹ crores)	8,834	16%	17,864	22%
Operating EBIDTA (₹ crores)	1,525	18%	3,298	21%
Profit after tax (₹ crores)	822	547%	1,091	55%

Due to constraint in iron ore supplies, the company could operate at about 80% capacity utilization during Q2 FY13.

Financial Performance (Standalone):

In the midst of challenging global and domestic economic scenario, the company showed a robust performance in the quarter. Net Sales for the quarter stood at ₹8,834 crores showing a growth of 16% over the corresponding quarter of previous year on higher volumes. The Operating EBIDTA for the quarter is ₹1,525 crores, up 18% over the corresponding quarter of previous year.

Due to 6.4% appreciation in the value of the rupee against US Dollar during Q2 FY 2012-13, the gain of ₹422 crores on restatement of foreign currency monetary items at close of the quarter credited to profit & loss account, has been considered by the Company as exceptional in nature. The company posted profit of ₹822 crores up by 547% over the corresponding quarter of previous year mainly on higher volumes and rupee appreciation impact.

Net Sales for the half year stood at ` 17,864 crores showing a growth of 22% over the corresponding period of previous year. The Operating EBITDA for the half year is ` 3,298 crores, up 21% over the corresponding period of previous year. The company posted profit of ` 1,091 crores, up by 55% over the corresponding period of previous year.

The Company's net total debt gearing stood at 0.75 (same as on 30.06.2012) and the weighted average interest cost of debt is at 8.44% (vis-à-vis 8.12%, as on 30.06.2012).

Subsidiaries / Associates performance:

US Plate and Pipe Mill operation:

During Q2, Capacity Utilization at US plate & pipe mill is 31% for plates and 21% for pipes. The Production in Q2 FY13 for Plates and Pipes are 0.08 million net tonnes and 0.03 million net tonnes respectively.

Mining operation:

During Q2 FY13 the Iron ore mining company at Chile made two shipments aggregating 0.15 million tonnes and the coal mining company of US made shipments of 0.02 million tonnes.

JSW Ispat Steel Ltd. (JSWISL):

HR Coils production during Jul'12 to Sep'12 quarter is 0.64 million tonnes with capacity utilization of 78%, Operating EBITDA is ` 205 crores and Net profit is ` 122 crores after considering exceptional items credit of ` 235 crores which includes Forex gain of ` 158 crores and write back of provision of ` 105 crores.

Consolidated Financial Performance:

For Q2 FY13, Net Sales increased by 16% to ` 9,475 crores as compared to Q2 FY12. Net Sales in H1 FY13 increased by 24% to ` 19,377 crores as compared to H1 FY12.

Operating EBITDA for Q2 FY13 is `1,531 crores and for H1 FY13 is `3,440 crores. Net Profit after Tax for Q2 FY13 is `691 crores and for H1 FY13 is `741 crores.

The Company's consolidated net total debt gearing stood at 1.04 (as against 1.09, as on 30.06.2012).

Projects:

The company has commenced Module-5 & 6 of phase 2 of Beneficiation Plant-2 during Sep'12 at its Vijayanagar works.

The Company has taken shutdown of its Hot Strip Mill No.2 at Vijayanagar from 24/09/2012 to enhance its capacity from 3.5 MTPA to 5 MTPA. This mill has recommenced operations ahead of schedule with enhanced capacity on 14/10/2012.

New Cold Rolling Mill (CRM-2) Phase 1 capacity expansion projects at Vijayanagar are progressing satisfactorily and will be completed during FY 2014.

Update on JSWISL merger:

The company has received approval from BSE & NSE for the proposed merger of JSWIL with JSW Steel Limited.

Outlook

Global economic situation continues to remain challenging with increasing uncertainties, impacting the prospect of economic growth across geographies. IMF projects World economy to grow at 3.3%. The Indian economy is expected to get back in growth mode post recent economic reform announcements.

The world's crude steel production for the first nine months of 2012 at 1149 million tonnes, recorded a marginal growth of 0.6%. While some countries have recorded a reasonably good growth in steel production (i.e. USA 5.3%, Russia 4.3%, Korea 3.0%), continuing recessionary trends in Europe and slowing Chinese economy are expected to hold world steel production at previous years

level of 1518 million tonnes. Global steel production has already shown a decline of 4% during July to Sept 12 vis a vis previous quarter.

Indian steel industry has witnessed a subdued demand growth of 2.8% during the period Jul–Sep'12 vis a vis 7.7% in the previous quarter, coupled with rising imports mainly from FTA countries.

Whilst, domestic steel demand is expected to be steady, rising imports and availability of mineral resources will be major deterrents depriving Indian Steel industry a level playing field vis a vis their global peers.

About JSW Steel Limited

JSW Steel Ltd., belonging to JSW group, part of the O P Jindal Group, is one of the lowest cost steel producers in the world. The group has diversified interest in mining, carbon steel, power, industrial gases, port facilities, Aluminium, Cement and Information Technology. JSW Steel Limited is engaged in manufacture of flat and long products viz. H R Coils, C R Coils, Galvanised/Galvalume products, Colour Coated Products, auto grade / white goods grade CRCA Steel, Bars and Rods. Incorporated in 1994, it has grown to about US \$ 10 billion in less than two decades. JSW Steel Limited is one of the largest galvanizing and colour coating production capacity in the country and is the largest exporter of galvanized products with presence in over 100 countries across five continents.

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.

For Further information, please contact:

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