

**Financial Results for the First Quarter ended 30<sup>th</sup> June, 2013**

**Mumbai, India:** JSW Steel Limited (“JSW Steel” or the “Company”) today reported its results for the First Quarter ended 30<sup>th</sup> June, 2013 (“1Q FY2014” or the “Quarter”). These results are reported after giving effect to the Scheme of Amalgamation and Arrangement (“the Scheme”) between the Company and JSW ISPAT Steel Limited and others, which became effective 1<sup>st</sup> June, 2013 with appointed date of 1<sup>st</sup> July, 2012. The figures for the corresponding quarter are not strictly comparable with that of the current quarter as the effect of implementation of the Scheme is included in the current quarter figures.

**Key highlights of the quarter:**

**Standalone Performance:**

- Highest ever Crude Steel production: 2.86 million tonnes, up by 34% YoY
- Saleable Steel sales: 2.55 million tonnes, up by 21% YoY
- Gross Turnover: ₹10,220 crores
- Operating EBITDA: ₹1,749 crores
- Net debt to equity: 1.14x

**Consolidated Performance:**

- Gross Turnover: ₹11,155 crores
- Operating EBITDA: ₹1,879 crores
- Net debt to equity: 1.38x

Mr. Seshagiri Rao, Joint Managing Director and Group CFO commented on the performance of the company:

*"It is commendable to show volume growth in these challenging times when Indian steel demand grew only by 0.3% during April-June2013 and simultaneously register an improved operating margin of 18.7% sequentially from 18.3% in Jan-March2013. In spite of an acute shortage of iron ore, unreasonable prices in e-auction due to shortage of ore, falling global steel prices and threat of imports from countries enjoying concessional duties under FTA, the Company focused on cost reduction with a change in coal blend, improved fuel efficiency, use of waste gases and productivity improvements."*

**Operational performance:**

During the quarter, the Company reported total Crude Steel production of 2.86 million tonnes while Saleable Steel sales volume stood at 2.55 million tonnes. The details of production and sales volumes are as under:

Particulars	(Million tonnes)		% YoY Growth
	1Q FY2014	1Q FY2013	
<b>Production: Crude Steel</b>	<b>2.86</b>	<b>2.14</b>	<b>34%</b>
<b>Sales:</b>			
- Rolled: Flat	2.11	1.67	26%
- Rolled: Long	0.42	0.38	8%
- Semis	0.03	0.05	-51%
<b>Total Saleable Steel</b>	<b>2.55</b>	<b>2.11</b>	<b>21%</b>



### **Standalone Financial Performance:**

JSW Steel recorded Gross Turnover and Net Sales for the quarter of ₹10,220 crores and ₹9,235 crores respectively, showing a growth of 3% and 2% on YoY basis. The Company reported an Operating EBITDA of ₹1,749 crores and a Net Loss after Tax of ₹221 crores for the quarter.

Due to the unusual depreciation in the value of the Indian Rupee against US Dollar during the quarter, there was a net translation loss of ₹853 crores on restatement of foreign currency monetary items at close of the quarter. The Company has considered this loss to be exceptional in nature.

The net gearing stood at 1.14x at the end of the quarter (as against 0.82x at the end of FY2013) and the weighted average interest cost of debt was at 8.62% (vis-à-vis 8.17% as on 31<sup>st</sup> March, 2013).

### **Subsidiaries performance:**

#### **JSW Steel Coated Products:**

Pursuant to the Scheme, 'Vasind' and 'Tarapur' undertakings of JSW Steel and 'Kalmeshwar' undertaking of JSW ISPAT Steel have been transferred to a wholly owned subsidiary "JSW Steel Coated Products Limited" with effect from appointed date.

During the quarter, JSW Steel Coated Products registered a production of 0.34 million tonnes and sales of 0.33 million tonnes. The Gross Turnover and Net Sales for the quarter stood at ₹1,938 crores and ₹1,799 crores, respectively. It recorded an Operating EBITDA of ₹79 crores and a Net Profit after Tax of ₹3 crores for the quarter.

#### **Chile Iron ore Mines:**

The Iron ore mines in Chile produced 0.21 million tonnes and shipped 0.15 million tonnes of Iron ore concentrate during the quarter. The Company earned an EBITDA of \$0.86 million for the quarter.

#### **US Coal Mines:**

The production and despatches from the US coal mines were subdued during the quarter due to delays in obtaining permits. It sold 0.006 million net tonnes<sup>1</sup> of coal and reported an EBITDA loss of \$0.35 million during the quarter.

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

The US based Plate and Pipe Mill facility produced 0.091 million net tonnes of Plates and 0.008 million net tonnes of Pipes, reporting a capacity utilization of 35% and 6%, respectively, during 1Q FY2014. Sales volumes for the quarter stood at 0.082 million net tonnes of Plates and 0.010 million net tonnes of Pipes. EBITDA stood at \$0.60 million in this period.

### **Consolidated Financial Performance:**

JSW Steel recorded Gross Turnover and Net Sales of ₹11,155 crores and ₹10,141 crores respectively for the quarter, showing a growth of 3% and 2% YoY.

The Company reported an Operating EBITDA of ₹1,879 crores and a Net Loss after Tax of ₹382 crores, respectively, after incorporating the financials of subsidiaries, joint ventures and associates. The net gearing at consolidated level was 1.38x at the end of the quarter (as against 1.11x at the end of FY2013).

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<sup>1</sup> 1 Net tonne =0.907 metric tonne

## **Projects Update:**

During the quarter, the Company has commissioned the following key projects, among others:

- 0.6 MTPA Micro Pelletisation Plant at Vijayanagar
- Waste Heat Recovery System at Blast Furnace-3 in Vijayanagar
- 4<sup>th</sup> Stove in Blast Furnace-4 at Vijayanagar
- BF gas utilization at CPP-3
- Railway Siding at Dolvi
- 0.075MTPA appliance grade Colour-Coating line at Vasind
- Upgradation of TM-1 cold rolling mill at Tarapur

The implementation of other ongoing projects is progressing satisfactorily, and is likely to complete as per schedule.

## **Outlook:**

The global economic recovery remains sluggish. Though the US and Japan appear to witness an uptick, the Eurozone remains in recession with continued fiscal tightening and sovereign debt issues. China growth trajectory is calibrating to a slower pace, without showing signs of a potential hard landing.

The International Monetary Fund has revised down the world economic growth forecast for CY2013 to 3.1% (from 3.3%) with a downside risk. The World Steel Association (WSA) forecasts CY2013 global steel demand growth of 2.9%.

In India, overall economic activities (as witnessed by key activity indicators like Industrial Production, PMI, etc.) have been weak. Government policy actions and reform measures do not appear to be enough to counter the headwinds of a high trade deficit and weakening Rupee. While inflation (WPI) has moderated to sub- 5% levels in the last few months, recent tightening measures by the RBI to support the Indian Rupee will be an impediment to support the growth revival.

Indian steel demand in 1Q FY2014 remained flat at 0.3% YoY growth. India remained a net importer of steel in this period as finished steel imports declined 34% YoY to 1.33 million tonne and exports increased 14% YoY to 1.13 million tonnes.

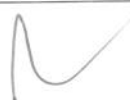
A good monsoon is expected to drive consumption which, in turn will support a revival of steel demand growth in India.

## **Guidance:**

The guidance given by the company in May 2013 was pertaining to erstwhile JSW Steel (prior to implementation of the Scheme). The guidance after incorporating the effect of the Scheme is as follows:

Particulars	FY 2013 (proforma) <sup>2</sup>	FY 2014 E	Growth (YoY)
Crude Steel production (million tonnes)	11.20	12.00	7%
Saleable Steel sales (million tonnes)	10.64	11.55	9%

<sup>2</sup> The company has provided pro-forma volume data of FY 2013 for comparison purpose only including impact of the Scheme.



The above guidance is predicated on the assumption that the category A & B mines in Karnataka as permitted by the Hon'ble Supreme Court will be opened up and sufficient quantity of good quality iron ore will be available to the Company. Iron ore availability is improving, but at a slow pace.

JSW Steel Ltd., belonging to the 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 products, Galvalume products, auto grade / white goods grade CRCA Steel, Bars and Rods. Incorporated in 1994, it has grown to about US \$11 billion in little over fifteen years. JSW Steel Limited is one of the largest producers and exporters of coated flat products in the country 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.*