

Financial Results for the Fourth Quarter ended March 31, 2015

Mumbai, India: JSW Steel Limited ("JSW Steel" or the "Company") today reported its results for the Fourth Quarter ("4Q FY2015" or the "Quarter") and the Financial Year ended 31st March, 2015 ("FY2015" or the "Year").

Key highlights of the quarter:
Standalone Performance:

- Crude Steel production: 3.06 million tonnes
- Saleable Steel sales: 3.06 million tonnes.
- Gross Turnover: ₹11,893 crores
- Operating EBITDA: ₹1,673 crores
- Net debt to Equity: 1.02x
- Net debt to EBITDA: 2.97x

Consolidated Performance:

- Gross Turnover: ₹13,534 crores
- Operating EBITDA: ₹1,683 crores
- Net debt to Equity: 1.55x
- Net debt to EBITDA: 3.81x

Operational performance:

During the quarter, the Company reported Crude Steel production as well as Saleable Steel sales volume of 3.06 million tonnes. The details of production and sales volumes are as under:

Particulars	(Million tonnes)			
	4Q FY2015	YoY Growth	FY2015	YoY Growth
Production: Crude Steel	3.06	-3%	12.63	4%
Sales:				
- Rolled: Flat	2.44	-1%	9.66	-
- Rolled: Long	0.55	9%	1.98	9%
- Semis	0.08	-44%	0.39	16%
Total Saleable Steel	3.06	-1%	12.03	2%

Standalone Financial Performance:

JSW Steel recorded Gross Turnover and Net Sales for the quarter of ₹11,893 crores and ₹10,785 crores, respectively. The Company reported an Operating EBITDA of ₹1,673 crores and EBITDA margin of 15.2%. The Company made a provision of ₹ 105 crores during the quarter towards carrying value of its investment in subsidiaries, which is considered as exceptional in nature. Net profit after Tax was at ₹189 crores for the quarter.



Gross Turnover and Net Sales for FY2015 stood at ₹49,658 crores and ₹45,352 crores, respectively, both showing a growth of 2% on YoY basis. The Operating EBITDA for FY2015 was marginally up at ₹8,872 crores, despite the headwinds of intensifying competition from surging imports and sticky domestic iron ore prices (which were divergent from a sharp correction in global seaborne markets due to constrained availability). The company posted a Net profit of ₹ 2,166 crores for the year, up by 62%.

The net gearing as on 31st March 2015 stood at 1.02x (as against 1.21x as on 31st December 2014) and Net debt to EBITDA was at 2.97x (as against 3.22x as on 31st December 2014).

Subsidiaries performance:

JSW Steel Coated Products:

During the quarter, JSW Steel Coated Products registered production and sales volumes of 0.37 and 0.39 million tonnes, respectively. The Gross Turnover and Net Sales for the quarter stood at ₹2,193 crores and ₹ 2075 crores, respectively. It recorded an Operating EBITDA of ₹58 crores and a Net Loss after Tax of ₹26 crores for the quarter.

Chile Iron ore Mines:

The Iron ore mines in Chile produced and shipped 0.16 million tonnes and 0.15 million tonnes respectively of Iron ore concentrate during the quarter. It reported an EBITDA loss of \$10.27 million for the quarter due to significant drop in Iron ore prices in seaborne markets. In view of the fact that iron ore prices are expected to remain muted over the medium term, the operations in Chile have been put under care and maintenance from April 2015 end.

US Plate and Pipe Mill:

The US based Plate and Pipe Mill facility produced 0.072 million net tonnes of Plates and 0.014 million net tonnes of Pipes, reporting a capacity utilization of 30% and 10%, respectively, during 4Q FY2015. Sales volumes for the quarter stood at 0.064 million net tonnes of Plates and 0.013 million net tonnes of Pipes. It reported an EBITDA of \$0.13 million for the quarter.

JSW Steel (Salav):

During the quarter, JSW Steel (Salav) has sold 0.05 MnT of DRI during the quarter and reported an EBITDA loss of ₹42 Crores, as the facilities were under shutdown for a large part of the quarter. After a correction in input prices, the facilities at Salav have been restarted in March 2015, and it has commenced sourcing pellets from Amba River Coke Limited facilities at Dolvi. With Dolvi steel making facilities getting enhanced, utilization at Salav is expected to improve in FY2016.

Consolidated Financial Performance:

JSW Steel recorded Gross Turnover and Net Sales of ₹13,534 crores and ₹12,364 crores respectively for the quarter. The Company reported an EBITDA of ₹1,683 crores and a Net Profit after Tax of ₹62 crores, respectively, after incorporating the financials of subsidiaries, joint ventures and associates.

Gross Turnover and Net Sales for FY2015 stood at ₹56,572 crores and ₹52,051 crores, respectively, showing a growth of 4% and 3% respectively, on YoY basis. The company was able to partly offset the headwind of intensifying price competition from surging imports with product mix enrichment. Ramp up of new downstream facilities led to the share of value added products in overall volumes



improving to 33% during the year (from 24% in FY2014). The Operating EBITDA for the year was ₹9,402 crores, up by 3% on YoY basis, despite higher iron ore costs as the company had to resort to imports of iron ore during the year. The company posted a Net profit of ₹1,797 crores for FY 2015 compared to ₹452 crores in FY2014.

The net gearing at consolidated level was 1.55x as on 31st March 2015 (versus 1.70x as on 31st December 2014), Net debt to EBITDA at consolidated level was 3.81x (versus 3.86x as on 31st December 2014) and the weighted average interest cost of debt was at 7.32% (vis-à-vis 7.62% as on 31st December 2014).

Key Development:

With a strategic goal to have focused businesses, during the quarter the company has entered into an asset transfer agreement with JSW Cement Limited (JSWCL) for sale of all immovable property including, equipment and machinery, which were acquired from Heidelberg Cement India Limited.

Projects Update:

The company has commissioned CAL-2 (0.95MTPA) at Cold Rolling Mill Complex-2 in Vijayanagar during Mar 2015. The Electrical steel complex (0.2MTPA) at Vijayanagar has also been commissioned in April 2015. Both these facilities are expected to be ramped during FY2016.

The implementation of the expansion project at Dolvi from 3.3 MTPA to 5 MTPA is progressing satisfactorily, and is likely to complete during 2HFY2016.

New Projects :

Increasing cast capacity at Vijayanagar works: To balance hot metal production and consumption in steel melting shops, the Company is undertaking an augmentation of its steel melt shop facilities and hot metal capacity increase through oxygen enrichment to enhance cast capacity to 12 MTPA at an estimated cost of ₹1620 cores. The project will be taken up in phases and is expected to be completed by FY2017.

Capacity Expansion at Salem: The Company has decided to increase the capacity of the Salem unit to 1.2 MTPA by enhancing the capacity of both the Blast Furnaces along with other balancing facilities (Sinter-3, Caster-3, additional stands in Blooming Mill, etc.). This project will be taken up in two phases at an estimated project cost of ₹Rs.1000 crs and is expected to be completed by FY2017.

Tin Plate Mill: Tin Plate demand in India is likely to witness a healthy growth driven by a growing market for packed foods / packaging requirements. Hence, the Company has decided to set up a 0.20 MTPA Tin Plate Mill at the Tarapur Complex (under JSW Steel Coated Products limited) along with an Acid Re-Generation Plant (ARP), an Effluent Treatment Plant (ETP) and a Bulk Ammonia Storage facility, at an estimated cost of ₹650 crores. The project is expected to commission in 24 to 30 months.



Dividend:

Considering the Company's performance and financial position for the year under review, the Board, subject to the approval of the Members at the ensuing Annual General Meeting, has recommended a dividend of ₹1 per share on 27,90,34,907 10% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each, for the year ended March 31, 2015.

The Board has, further, recommended dividend at ₹11 per equity share on the 24,17,22,044 equity shares of ₹10 each for the year ended March 31, 2015, subject to the approval of the Members at the ensuing Annual General Meeting.

The total outflow on account of equity dividend including corporate tax on dividend will be ₹320.02 crores, vis-à-vis ₹311.08 crores paid for FY14.

Guidance

The Production and Sales guidance for FY 2015-16 is given below:

Particulars	FY'15 (Actual)	FY'16 (Estimated)	Growth (YoY)
Crude Steel Production (million tonnes)	12.63	13.40	6%
Saleable Steel Sales (million tonnes)	12.03	12.90	7%

Outlook:

Global economic growth indicators are moderately positive, but volatility in energy prices, currency adjustments, and swings in capital flows can potentially impact emerging economies in varying degrees. The International Monetary Fund has maintained its forecast for World economic growth for CY15 at 3.5%, with emerging economies expected to grow at a slower pace.

The World Steel Association estimates a marginal demand growth of 0.5% in CY2015. The global steel industry continues to grapple with problems of large surplus capacity, and rising steel exports from China (above ~100 MTPA mark on annualized basis) is resulting in global supply glut. Regional HRC prices remain under pressure driven by low demand, and lower iron ore and coal prices and currency fluctuation.

Indian steel industry faced headwinds of a 71%YoY surge in finished steel imports (especially from China, Korea, Japan and Russia) in FY2015, when apparent consumption increased only 3.1%YoY. Meanwhile finished steel exports also decreased by 8.1%YoY in FY2015. Restart of closed mines in FY2016 will improve domestic iron ore availability. Rising steel imports continue to be a concern.

In India, overall activity levels show mixed signs, inflation remains modest and there are initial signs of pick up in capital goods and medium & heavy commercial vehicle segment, however, actual uptick in investment cycle is yet to be seen. At the same time, tighter liquidity conditions, slowing rural demand due to recent unseasonal rains, leveraged corporate balance sheets and below-normal monsoon forecast are key risks.

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 interests in mining, carbon steel, power, industrial gases, ports and cement. JSW Steel Limited is engaged in manufacture of flat and long products viz. hot rolled coils, cold rolled coils, galvanised products, galvalume products, colour coated products, auto grade / white goods grade flat products, bars and rods. Incorporated in 1994, it has grown to about US \$11 billion. 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.

Media Contacts:

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