Press Release **23.05.2013**

JSW Steel Limited

JSW Steel Standalone Net Profit at Rs.1801 crores for FY 2012-13

Mumbai, 23 May 2013: JSW Steel Limited showed resilience in withstanding the challenging environment of non-availability of sufficient quantity of quality iron ore, subdued growth in steel demand and growing imports from FTA countries like China. The company has reported a growth of 15% and 14% in volume of production and sales respectively.

The performance highlights for the 4th quarter ended and Financial Year ended 31st March 2013 are as under:

Performance Highlights: (Standalone)

	Q4FY13 Vs Q4FY12	FY13 Vs FY12
Volume growth (Crude Steel production)	2%	15%
Saleable Steel Sold	5%	14%
Operating EBITDA (` Crores)	1,697	6,309
Profit after tax (` Crores)	573	1,801
Net Total Debt gearing	0.82	

Operational Performance:

The Company gave guidance for FY 2012-13 that it would achieve a volume of production and sales of 8.5 million tonnes and 9 million tonnes respectively. It is heartening to report that the Company exceeded the guided volume of production and achieved 98.5% of sales volume guidance.

The details of production and sales volumes are as under:

	(Million tonnes)		(Million tonnes)		Growth YoY	
Products	**Q4 FY 13**	**Q4 FY 12**	**FY 13**	**FY 12**	**Q4**	**FY**
Production: Crude Steel	**2.11**	**2.07**	**8.52**	**7.43**	**2%**	**15%**
Sales:						
- Rolled: Flat	1.91	1.76	6.91	5.95	9%	16%
- Rolled: Long	0.49	0.46	1.71	1.46	6%	17%
- Semis	0.02	0.09	0.26	0.41	-78%	-37%
Total Saleable Steel	**2.43**	**2.31**	**8.87**	**7.82**	**5%**	**14%**

The Company took several initiatives during the last financial year viz sharpened capabilities to use low grade iron ore, augmented in-bound and out-bound logistics infrastructure to enhance flexibility in utilisation of inputs and despatch of finished products, commissioning of 4th Stove of BF# 3 and enhanced product portfolio by completing 2nd phase of HSM II, increased capacities in Downstream units at Vasind and Tarapur and also more emphasis to increase sales volumes in retail through our JSW Shoppe brand. These initiatives helped in achieving volume of production and sales guidance and also in posting an impressive growth of 15% and 14% respectively over the previous year.

Financial Performance

While the Company's gross and net sales for the year ended 31st March 2013 showed a growth of 12% and 10% respectively, it is noteworthy that the operating EBIDTA also showed a growth of 12% with an improvement in margins to 17.8%. The net Profit After Tax (PAT) for Standalone Company was Rs.1,801 crores that too showing a growth of 11%.

The break up is as under:

Particulars	Rs. Crores		Rs. Crores		Growth YoY	
	Q4 FY 13	Q4 FY 12	FY 13	FY 12	Q4	FY
Gross Sales	10,076	10,291	38,763	34,658	-2%	12%
Net Sales	9,249	9,511	35,388	32,060	-3%	10%
Operating EBIDTA	1,697	1,652	6,309	5,631	3%	12%
PAT	573	752	1,801	1,626	-24%	11%
Net Debt to Equity (x)	0.82	0.69				
Weighted average interest cost	8.17%	8.19%				

The operating EBIDTA margins for Q4'13 improved to 18.3% compared to 17.3% in corresponding period in spite of fall in steel prices, mainly on account of innovative coal blend and sourcing efficiency. However, the Net profit was lower by 24% **due to Higher Interest** and **Depreciation** attributed to 3 million tonnes per annum (MTPA) expansion project, which was commissioned but could not be operated due to non-availability of iron ore. Besides, the Tax Provision was higher as the surcharge was increased from 5% to 10% in the FY 2013-14 Union Budget.

In spite of paying higher prices in the e-auctions for iron ore that too for inferior quality, the Company could report improved financial performance majorly due to sourcing efficiency in coal, optimising blend of coal for coke making, and increased waste heat utilisation in various process units across plants.

The performance of overseas subsidiaries and associate company JSW Ispat Steel Limited during the FY 2012-13 is as under:

Particulars	US Plate/Pipe Mill	Chile Iron ore Mines	US Coal Mines	JSW Ispat Steel Limited (JSWISL) 12 months ended Apr'2012 to Mar'2013
Production	0.339/0.085 Mn NT	0.757 MnT	0.029 MnT	2.632 MnT *
Sales	0.261/0.078 Mn NT	0.938 MnT	0.041 MnT	2.542 MnT *
EBIDTA	$ 8.99 Mn	$ 14.21 Mn	$ (4.15) Mn	1,191 Crores

*Excluding Downstream products' production – 0.37 million tonnes and sales - 0.36 million tonnes.

While the operations in Chile iron ore mine continues to be profitable, the production in coal mines in US remain subdued during the financial year due to delay in obtaining permits. As regards to plate and pipe mill operations in US, the EBIDTA for the FY 2012-13 and for the Q4 FY 2013 was lower compared to comparative periods USD $8.99 million and US$0.47 million respectively mainly due to steep drop in prices in the US markets.

JSWISL showed a growth of 10% and 5% in H R Coil production and sales volume respectively in FY 2012-13 over corresponding period of last year. JSWISL commissioned its 55 MW power plant in Q4 2013 and its various projects viz railway siding, lime plant, coke oven battery and pellet plant are in various stages of implementation, all of which are reported to be operational in FY 2013-14.

Even after absorbing the proportionate losses from associate company viz; JSWISL, consolidation of losses from overseas subsidiaries and absorption of translation losses majorly due to exceptional foreign exchange movement, the consolidated net profit showed a growth of 79% over corresponding period of last year.

The details are as under:

Particulars	Rs. Crores		Rs. Crores		Growth YoY	
	Q4 FY 13	Q4 FY 12	FY 13	FY 12	Q4	FY
Gross Sales	10,675	10,930	41,463	36,720	-2%	13%
Net Sales	9,852	10,153	38,095	34,124	-3%	12%
Operating EBIDTA	1,733	1,887	6,504	6,102	-8%	7%
PAT	296	770	963	538	-62%	79%
Net Debt to Equity (x)	1.11	0.98				
Weighted average interest cost	7.60%	7.39%				

The operating EBIDTA in Q4 FY13 was lower compared to corresponding periods due to lower contribution from overseas operations. The Net profit was lower by 62% on account of higher interest and depreciation in standalone Company and the tax provision is increased as the surcharge was increased from 5 to 10% in the

India's Union Budget 2013-14. The consolidated net debt of the Company stood at Rs.19,533 crores with net debt gearing of 1.11.

Status on Scheme of Amalgamation & Arrangement

Following the approval of the Composite Scheme of Amalgamation and Arrangement (the "Scheme") under sections 391 and 394 of Companies Act 1956 by the shareholders and other requisite approvals received by the Companyon 3rd May, 2013, the Hon'ble Bombay High Court sanctioned the said Scheme with effect from 1st July 2012 being the appointed date. The Company is presently in the process of completing requisite formalities in due course to enable implementation of the Scheme. Pending effectiveness of the Scheme, the Company consolidated the financial results of JSWISL as an Associate pursuant to Accounting Standard (AS) 23 as is being followed consistently.

Projects Update

I.Projects commissioned during FY 2012-13:

1. Vijayanagar Works:

- Revamped Corex – 2 with added feature of Aerial Gas Distribution system (AGD) to increase its capacity from 0.80 MTPA to 0.85 MTPA.
- Enhanced capacity of hot metal in Blast Furnace-2 from current 1.3 MTPA to 1.4 MTPA by better distribution of feed burden, and replacing top charging system with improved design.
- Enhanced capacity of HSM-2 by 1.5 MTPA.
- 2nd phase of Beneficiation plant completed taking the capacity to 20 million tonnes per annum.
- Commenced dry quenching of coke from the CDQ project commissioned by JSW Projects Ltd.
- 60 tonnes per hour blast BF furnace gas fired boiler was commissioned to minimise flaring of gases from furnaces.

2. Salem Works:

- Commissioned 75 tonnes per hour Coke Drying unit for reducing the coke moisture, leading to substantial savings.

3. Vasind/Tarapur Works:

- Capacity of colour coating line at Tarapur enhanced from 2,32,000 to 2,76,000 tonnes per annum.
- Commissioned state-of-the-art new colour coating line with capacity of 1,50,000 tonnes per annum at Vasind
- New 300 KL per day capacity effluent treatment plant was commissioned.

The benefits on commissioning of these projects during FY 2012-13 are expected to accrue during FY 2013-14.

II.Projects under Implementation:

1) Capacity Enhancement Projects:

Vijayanagar Works:

a) Corex-1: Revamping and capacity enhancement from 0.80 to 0.85 MTPA.
b) Augmenting casting capacity at Steel Melting Shop No. 1 by addition of 1600 mm wide caster.
c) Augmenting of secondary steel melting capacity by adding one Ladle Heating Furnace.
d) Installation of Nodulizer for better granulometry of low grade iron ore in Sinter plant Nos. 1,2 & 3
e) Reconstruction of Blast Furnace –1 increasing its capacity from 0.9 mtpa to 1.8 mtpa.
f) 0.2 mtpa non-grain oriented Electrical Steel project to be commissioned in FY 2014-15

Salem Works:

a) Installation of Kocks Block for reducing and sizing block capacity and quality of Bar and Rod mill.
b) Automatic Inspection Line for Blooming Mill, De- bundling, De-barring and second straightener.

Vasind/Tarapur Works:

a) Appliance grade Colour Coating Line with a capacity of 75,000 tonnes per annum at Vasind.
b) New Galvanising Line with dual pot of Galvalume cum Galvanising line with an annual capacity of 2,00,000 tonnes per annum at Tarapur.
c) Up gradation of Cold Rolling Mill TM – I & II at Tarapur.

2) Efficiency, Productivity improvement and Cost Reduction Iniatives

Vijayanagar Works:

a) Waste heat recovery system at Sinter Plants 2,3 & 4.
b) Waste heat recovery system at Blast Furnace 4.
c) Utilisation of surplus gases within the plant and for power generation to achieve zero flaring of gases.
d) Micro pellet plant using BOF sludge, fine dust fumes.
e) Mill scale briquetting by using mill scale generated from various mills.
f) Installation of burner system in existing CPP-3 / 4 Boiler for increasing the utilisation of waste gas.

Salem Works:

a) 32 ton per hour waste heat recovery boiler.
b) Commissioning of new wagon tippler to reduce demurrage and handling loss.

Vasind/Tarapur Works:

a) Conversion of LPG heating system to Natural gas system.
b) Commissioning of Railway siding at Vasind to achieve 100% inward rail movement.

3) Other Projects

Vijayanagar Works:

CRM –2 – 1st phase consisting of 2.30 MTPA of Pickling Line coupled with Tandem Cold Rolling Mill (PLTCM), Continuous Annealing Line (CAL) of 0.95 MTPA and Continuous Galvanising Line (CGL) of 0.4 MTPA is scheduled to be commissioned in Q3 2013. Also, in the second phase, 2nd CAL line is expected to be commissioned by 31st Dec, 2014.

The Company is also setting up a new Melting Shop with 1.5 MTPA per annum capacity comprising of electric arc furnace of 1.5 million tonne Billet Caster. This new melting shop along with a new Bar Mill, with a capacity of 1.2 MTPA is to be commissioned in FY 2014-15. This project will enable the Company to produce 10 mtpa finished steel at Vijayanagar works.

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^{st} 2013.

The Board has, further, recommended a dividend at ` 10 per equity share on 22, 31, 17,200 equity shares of `10 each for the year ended March 31^{st}, 2013 , 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 is `261.04 Crores, vis-à-vis `194.49 Crores paid for FY12.

Outlook

The global market is facing significant uncertainty and volatility. The largest economy in the world viz; US is showing signs of improvement with falling un-employment rate and rising GDP. Japan is gradually recovering from a devastating tsunami and started new initiatives to revive the economy as reflected by a steep fall in the yen which augurs well for Japanese economic recovery. The austerity measures and fiscal consolidation initiatives in Europe are expected to bring stability. The developing countries, despite slow growth, are still expanding due to domestic consumption and inherent competitiveness to provide products and services at low cost to developed economies. With this back drop, the global economy is expected to show improved growth rates in CY 2013.

During the last year ,the Indian Government went ahead with a series of reforms; fuel price deregulation, FDI in retail, constitution of Cabinet Committee on Investment to revive stalled projects, etc., which augurs well for the revival of Indian economy. As inflation has been continuously falling, policy rates are expected to ease at a faster pace, which once again is positive for the investment cycle to revive. As per estimates by various independent agencies, India is expected to grow by ~6% in FY14.

The global steel production in CY 2012 across the world showed improvement except in Europe, Japan and South America. In line with the growth in global economy, the world steel production showed a growth of 1.2% in last year. A substantial portion of this growth emanated from China.

As per IMF estimates, the World economy is expected to grow by 3.2% in CY 2013. The World Steel Association estimates the demand for steel to grow by 2.9% in CY 2013. Since China is slowing down, the commodity prices are expected to be depressed which is good for India.

India's steel demand grew at 3.3% in FY2013. With the GDP expected to grow by ~6%, in the current financial year, the steel demand will be tracking GDP in line with the revival of investment cycle. The slowing Chinese economy will keep the global commodity prices including coal and iron ore at lower levels. The Indian steel industry, while cautious from a threat of imports, particularly from FTA countries, is competitive in terms of overall cost of production.

Guidance

JSW Steel is ranked as No.4 by World Steel Dynamics amongst the top 25 steel companies globally. JSW Steel had created a capacity of 11 million tonnes at an attractive specific investment cost per ton creating a perpetual advantage in terms of capital servicing cost. It also created a wide spectrum of product mix, deep and wide sales networks across India and other geographies. The uncertainties surrounding the higher capacity utilisation are to a large extent mitigated due to lifting of ban on iron ore mining in the State of Karnataka by Hon'ble Supreme Court of India. It is expected that the iron ore availability is expected to improve in the State of Karnataka not only in terms of quantity but also in quality, thus bringing in productivity, fuel efficiency and cost efficiencies to JSW Steel operations in FY 2013-14. The guidance is predicated on the assumption that the category A & B mines as permitted by Hon'ble Supreme Court will be opened up and sufficient quantity of iron ore will be available to the Company.

Particulars	FY'13 (Actual)	FY'14 (Estimated)	Growth (YoY)
Crude Steel Production (million tonnes)	8.52	9.25	9%
Saleable Steel Sales* (million tonnes)	8.87	9.75	10%

***including sale of downstream products of 0.85 million tonnes manufactured from HR Coils from JSWISL.**

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 products, Galvalume products, auto grade / white goods grade CRCA Steel, Bars and Rods. Incorporated in 1994, it has grown to about US $ 10 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.

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