

Financial Results for the Second Quarter ended 30th September, 2013

Mumbai, India: JSW Steel Limited ("JSW Steel" or the "Company") today reported its results for the Second Quarter ended 30th September, 2013 ("2Q 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 1st June, 2013 with appointed date of 1st 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: 2.98 million tonnes, up by 37% YoY
- Highest ever Saleable Steel sales: 3.13 million tonnes, up by 44% YoY
- Higher ever Gross Turnover: ₹12,325 crores
- Highest ever Operating EBITDA: ₹2,234 crores
- Net debt to equity: 1.17x

Consolidated Performance:

- Highest ever Gross Turnover: ₹13,866 crores
- Highest ever Operating EBITDA: ₹2,348 crores
- Net debt to equity: 1.44x

Operational performance:

During the quarter, the Company reported total Crude Steel production of 2.98 million tonnes while Saleable Steel sales volume stood at 3.13 million tonnes. The details of production and sales volumes are as under:

| Particulars | (Million tonnes) | | | |
|--------------------------------|------------------|------------|-------------|------------|
| | 2Q FY2014 | YoY Growth | 1H FY2014 | YoY Growth |
| Production: Crude Steel | 2.98 | 37% | 5.84 | 35% |
| Sales: | | | | |
| - Rolled: Flat | 2.59 | 56% | 4.70 | 41% |
| - Rolled: Long | 0.46 | 14% | 0.88 | 11% |
| - Semis | 0.08 | -27% | 0.10 | -36% |
| Total Saleable Steel | 3.13 | 44% | 5.68 | 33% |

Standalone Financial Performance:

JSW Steel recorded its highest ever quarterly Gross Turnover and Net Sales for the quarter of ₹12,325 crores and ₹11,308 crores respectively, showing a growth of 28% on YoY basis. The Company reported an Operating EBITDA of ₹2,234 crores and a Net profit after Tax of ₹101 crores for the quarter.

Due to 5.16% depreciation in the value of the Indian Rupee against US Dollar during the quarter, there was a net loss of ₹839 crores on foreign currency monetary items at close of the quarter. The Company has considered this loss to be exceptional in nature.

Gross Turnover and Net Sales for the half year stood at ₹22,545 crores and ₹20,543 crores respectively, showing a growth of 15% over the corresponding period of previous year. The Operating EBITDA for the half year is ₹3,983 crores, up by 21% over the corresponding period of previous year. The company posted a Net loss of ₹120 crores for the first half of FY 2013-14.

The net gearing as on 30th September 2013 stood at 1.17x (as against 1.14x as on 30th June 2013) and the weighted average interest cost of debt was at 8.70% (vis-à-vis 8.62% as on 30th June, 2013).

Subsidiaries performance:

JSW Steel Coated Products:

During the quarter, JSW Steel Coated Products registered a production of 0.35 million tonnes and sales of 0.39 million tonnes. The Gross Turnover and Net Sales for the quarter stood at ₹2,234 crores and ₹2,095 crores, respectively. It recorded an Operating EBITDA of ₹78 crores.

Railway siding project at Vasind works was completed in August'13 and Dual Pot Galvanizing (GI) cum Galvalume (GL) Line having an installed capacity of 200,000 TPA was commissioned in Sept. 13 at Tarapur works.

Chile Iron ore Mines:

The Iron ore mines in Chile produced 0.22 million tonnes and shipped 0.22 million tonnes of Iron ore concentrate during the quarter. The Company earned an EBITDA of \$5.34 million for the quarter.

US Coal Mines:

The production and dispatches from the US coal mines were subdued during the quarter due to delays in obtaining permits. It produced and sold 0.01 million net tonnes¹ of coal and reported an EBITDA loss of \$0.34 million during the quarter.

US Plate and Pipe Mill:

The US based Plate and Pipe Mill facility produced 0.092 million net tonnes of Plates and 0.009 million net tonnes of Pipes, reporting a capacity utilization of 37% and 6%, respectively, during 2Q FY2014. Sales volumes for the quarter stood at 0.08 million net tonnes of Plates and 0.008 million net tonnes of Pipes. EBITDA loss stood at \$2.05 million in this period.

Consolidated Financial Performance:

JSW Steel recorded highest ever quarterly Gross Sales of ₹13,866 crores for the quarter, showing a growth of 35% YoY. Gross sales for the half year stood at ₹25,021 crores showing a growth of 19% over the corresponding period of previous year. The Operating EBITDA for the half year stood at ₹4,227 crores and Net Loss after Tax was ₹497 crores, after incorporating the financials of subsidiaries, joint ventures and associates.

The net gearing at consolidated level is 1.44x at the end of the quarter (as against 1.38x at the end of 30th June 2013).

Projects Update:

India's largest Auto grade steel rolling plant (Pickling line and Tandem Cold Mill – PLTCM) rolled out its first coil on 19th October 2013 at Vijayanagar works. Output from this new CRM-2 complex will cater to the Automobile industry's requirement of high grade CRCA products.

¹ 1 Net tonne =0.907 metric tonne

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

- One of its Corex furnaces for relining and capacity enhancement at Vijayanagar
- Waste Heat Recovery System at Sinter Plant-2 & 3 at Vijayanagar
- Mill scale briquetting unit at Vijayanagar
- BF Gas utilization at CPP-4 at Vijayanagar
- 600 TPD Lime Calcinations Plant at Dolvi

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

Outlook:

The global economic recovery continues to be modest. The International Monetary Fund (IMF) has revised down the world economic growth forecast for 2013 to 2.9% (from 3.1% earlier). However, recent data points suggest that Japanese economic revival remains on track, Europe is showing signs of stabilization, and China has shown an improvement in activity levels with the new regime's resolve to maintain its GDP growth above 7.5% levels. The US has also resolved the shutdown crisis for the time being and averted a potential crisis.

The World Steel Association (WSA) has revised up CY2013 global steel demand forecast to 3.1% (from 2.9%) reflecting an improvement in the global economic scenario and a resultant improvement in steel demand.

In India, overall industrial activities have remained weak. Inflation has again started firming up, which is expected to drive continued tightening measures by the RBI in the near term. However, currency depreciation has given a fillip to export led manufacturing post August 2013.

Indian Steel demand for 2QFY14 remained flattish with a 1.3%YoY growth. However, net imports have come down significantly resulting in an improvement in steel prices. Higher rural spending on the back of a good monsoon and an expected uptick in investment cycle due to the CCI (Cabinet Committee on Investment) driven push is likely to drive an improvement in steel demand growth in 2HFY14.

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 less than two decades. 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.

