

Financial Results for the Third Quarter ended December 31, 2013

JSW Steel reports highest ever quarterly Crude Steel Production, Turnover, Exports and EBIDTA

Mumbai, India: JSW Steel Limited ("JSW Steel" or the "Company") today reported its results for the Third Quarter ended December 31, 2013 ("3QFY14" 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 June 1, 2013 with appointed date of July 1, 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.

During the quarter, the Company achieved highest ever crude steel production (3.19 million tonnes, 52% growth YoY), highest ever consolidated Gross Turnover of ₹14,357 crores, highest ever consolidated Exports of 1.0 million tonne (accounting for ~60% of India's overall steel exports) and highest ever consolidated EBIDTA of ₹2,409 crores. Amidst a challenging operating environment marked by muted domestic demand growth, the Company has achieved 100% of its production and sales volume guidance for FY14 (on a pro-rated basis).

Key highlights of the quarter:

Standalone Performance:

- Highest ever Crude Steel production: 3.19 million tonnes, up by 52% YoY
- Saleable Steel sales: 3.08 million tonnes, up by 42% YoY
- Highest ever Gross Turnover: ₹12,651 crores
- Highest ever Operating EBITDA: ₹2,303 crores
- Net debt to equity: 1.12x

Consolidated Performance:

- Highest ever exports of 1.0 million tonne, accounting for ~60% of India's overall steel exports
- Highest ever Gross Turnover: ₹14,357 crores
- Highest ever Operating EBITDA: ₹2,409 crores
- Net debt to equity: 1.49x

Operational performance:

During the quarter, the Company reported total Crude Steel production of 3.19 million tonnes while Saleable Steel sales volume stood at 3.08 million tonnes. The details of production and sales

volumes are as under:

Particulars	(Million tonnes)			
	3QFY14	YoY Growth	9MFY14	YoY Growth
Production: Crude Steel	3.19	52%	9.03	41%
Sales:				
- Rolled: Flat	2.54	53%	7.24	45%
- Rolled: Long	0.43	1%	1.31	8%
- Semis	0.10	32%	0.21	-13%
Total Saleable Steel	3.08	42%	8.76	36%

Standalone Financial Performance:

JSW Steel recorded its highest ever quarterly Gross Turnover of ₹12,651 crores for the quarter, showing a growth of 39% on YoY basis. The Company reported an Operating EBITDA of ₹2,303 crores and a Net profit after Tax of ₹652 crores for the quarter.

Gross Turnover and Net Sales for the Nine Month ended December 31, 2013 stood at ₹35,197 crores and ₹32,275 crores respectively, showing a growth of 23% over the corresponding period of previous year. The Operating EBITDA for the Nine Month ended December 31, 2013 is ₹6,286 crores, up by 36% over the corresponding period of previous year. The company posted a Net profit of ₹533 crores for this period.

The net gearing as on December 31, 2013 stood at 1.12x (as against 1.17x as on September 30, 2013).

Subsidiaries performance:

JSW Steel Coated Products:

During the quarter, JSW Steel Coated Products registered a production of Galvanised / Galvalume products of 0.41 million tonnes and sales of 0.42 million tonnes. The Gross Turnover and Net Sales for the quarter stood at ₹2,445 crores and ₹2,329 crores, respectively. It recorded an Operating EBITDA of ₹79 crores.

The upgraded Pickling Line 2 at Tarapur was commissioned in December 2013 and a new 6-hi Cold Rolling Mill of 0.22 mtpa capacity at Kalmeshwar is expected to be commissioned during 4QFY14.

Chile Iron ore Mines:

The Iron ore mines in Chile produced 0.24 million tonnes and shipped 0.23 million tonnes of Iron ore concentrate during the quarter. The Company earned an EBITDA of \$5.23 million for the quarter.

US Plate and Pipe Mill:

The US based Plate and Pipe Mill facility produced 0.097 million net tonnes¹ of Plates and 0.012 million net tonnes of Pipes, reporting a capacity utilization of 39% and 9%, respectively, during 3QFY14. Sales volumes for the quarter stood at 0.086 million net tonnes of Plates and 0.019 million net tonnes of Pipes. EBITDA loss stood at \$1.73 million in this period.

¹ 1 net tonne = 0.907 metric tonne

Consolidated Financial Performance:

JSW Steel recorded highest ever quarterly Gross Sales of ₹14,357 crores for the quarter, showing a growth of 48% YoY. Gross sales for the Nine Month ended December 31, 2013 stood at ₹39,378 crores showing a growth of 28% over the corresponding period of previous year. The Operating EBITDA for the Nine Month ended December 31, 2013 stood at ₹6,637 crores.

The net gearing at consolidated level is 1.49x at the end of the quarter (as against 1.44x at the end of September 30, 2013) and the weighted average interest cost of debt was at 8.03% (vis-à-vis 8.24% as on September 30, 2013).

Projects Update:

During the quarter, the Company has commissioned Waste Heat Recovery System for BF-4 stove heating process. Pickling Cum Coupled Tandem Cold Rolling Mill (PLTCM) facility which is part of phase 1 of CRM2 Project has commenced commercial Production at Vijayanagar from December 1, 2013.

The implementation of other ongoing projects like Continuous Annealing line and Galvanising line of CRM-2 at Vijayanagar, Electrical steel complex at Vijayanagar, and Pellet plant and Coke oven plant at Dolvi is in progress and is likely to complete as per schedule.

Outlook:

Global economic recovery is likely to gather pace in CY14 - as reflected by improving fundamentals and upgrades to consensus growth forecasts for developed markets, while emerging economies continue to face moderation in expected growth rates. The US, Japan and Europe continue to witness accommodative financial conditions. Recent data points (IIP, PMI, etc) indicate that rising manufacturing confidence in each of these key regions is likely to provide a strong platform for growth in CY14.

Global crude steel production in CY13 increased by 3.5% to 1,607 million tonnes and apparent finished steel use is expected to have grown by 3.1% to 1,475 million tonnes. China has displayed a remarkable growth with production up by 7.5% to 779 million tonnes and projected apparent finished steel use up by 6% to 700 million tonnes in CY13. As per the World Steel Association (WSA), global apparent finished steel use in CY14 is likely to increase by 3.3% to 1,523 million tonnes with Chinese demand growing at 3% to 721 million tonnes.

India's crude steel production during 9MFY14 grew by 4.8% to 60.8 million tonnes with apparent finished steel consumption up by 0.7% to 54.7 million tonnes. Apparent demand for flats (including pipes) reduced by 1.9% while longs demand grew by 2.8% over this period. With steel exports surging on the back of improving demand in developed markets and INR depreciation enhancing export competitiveness of Indian steel mills, India turned into a net steel exporter in 3QFY14.

India continues to witness a challenging macro-economic environment with weak industrial growth and drying up of the investment pipeline. However, of late, currency has stabilised, inflation has marginally receded, exports have improved, imports have reduced, foreign exchange reserves have increased – all of which is likely to reduce the CAD to around US\$50 billion in FY14 from US\$88 billion in FY13. Moreover, the government has proactively intervened (through the Cabinet

Committee on Investment) to clear major investment projects which is key to revive the investment cycle. With expected commencement of investments in industrial and infrastructure projects post general elections, Indian steel demand is expected to improve in FY15.

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 billion² 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.

Media Contacts:

Manish Mallick Head- Corp Comm, JSW Group, Mumbai. Mobile:+91 9769806866 manish.mallick@jsw.in	Mithun Roy Corporate Communications, JSW Group, Mumbai (India). Mobile:+91 9819000967 mithun.roy@jsw.in
--	---



² In terms of gross turnover