



JSW Steel reports highest ever quarterly Crude Steel Production and Operating EBIDTA

JSW Steel Limited reported highest ever quarterly production of Crude Steel of 2.143 million tons. Production volume grew by 27% in crude steel, 36% in rolled flat products and 27% in rolled long products relative to that of corresponding quarter of previous year.

The Company achieved a growth of 23% in sales volume and 28% in Net sales value, compared to that of corresponding quarter of the previous year.

The key performance highlights are as under:

	Q1 FY 13 Vs Q1 FY 12	
➤ Volume growth (Crude Steel production)	: 27%	
➤ Saleable Steel Sold	: 23%	
➤ Net sales	: 28%	
➤ Operating EBIDTA	: 24%	
➤ Profit after tax	: Rs. 269 crs	
➤ Net Total Debt gearing (Standalone)	: 0.75	
➤ Net Total Debt gearing (Consolidated)	: 1.09	

Operational Performance:

The Break-up of sales and production volumes are as under:

	(Million tons)		
Products	Q1 FY 13	Q1 FY 12	Growth
Production: Crude Steel	2.143	1.684	27%
Sales : - Semis	0.054	0.139	- 61%
- Rolled: Flat	1.672	1.283	30%
- Rolled: Long	0.383	0.292	31%
Total Saleable Steel	2.109	1.714	23%

The availability and quality of iron ore in E-auction in the State of Karnataka remained a bottleneck during Q1 FY 2012-13 due to reduced inventory in stock pile being auctioned and delay in reopening of Category "A" mines, which led to loss of production and increase in cost. Vijayanagar works could operate at about 80% capacity utilization during Q1 FY 2012-13.

The retail sales through Shoppe was 0.319 million tons during the quarter, accounted for 19% of domestic sales excluding semis.

Financial Performance (Standalone) :

The Turnover and Net Sales for the quarter stood at Rs. 9,910 crores and Rs. 9,030 crores, respectively, showing a growth of 30% and 28% over the corresponding quarter of previous year, mainly due to higher volume and improved sales realization. The Operating EBIDTA for the quarter is Rs.1,773 Crores, up 24% over the corresponding quarter of previous year and the Company posted a Net Profit after Tax of Rs. 269 crores.

Due to the unusual depreciation in the value of the rupee against US Dollar during Q1 FY 2012-13, the net loss of Rs.592 crs on restatement of foreign currency monetary items at close of the quarter has been considered by the Company to be exceptional in nature.

The Company's net total debt gearing stood at 0.75 (as against 0.69, as on 31.03.2012) and the weighted average interest cost of debt is at 8.12% (vis-à-vis 8.19%, as on 31.03.2012).

Subsidiaries / Associates performance :

Chile Iron-ore mines :

During the quarter Company made shipment of 0.34 Million tons of Iron ore concentrate and earned EBIDTA of \$ 8.48 mio.

US Coal mines :

Department of Environmental Protection (DEP) permit applications for various mines are being pursued. The Company sold 0.009 Million net tons of coal during Q1 FY 2012-13.



US Plate and Pipe Mill operation:

The Subsidiary Company produced 0.098 million net tons of Plates and 0.022 million net tons of Pipes with capacity utilization at 39% & 16% respectively. Sales volumes for the quarter are 0.069 million net tons of Plates and 0.022 million net tons of Pipes. The Company earned EBIDTA of \$ 6.48 million during Q1 FY 2012-13.

JSW Ispat Steel Ltd. (JSWISL):

HR Coils production during April'12 to June'12 quarter was 0.69 million tones with capacity utilization of 83% and during July'11 to June'12 year was 2.48 million tones with capacity utilization of 75%.

Operating EBITDA for April'12 to June'12 quarter was Rs.454 Crores and Net profit was Rs.478 Crores after considering Exceptional items write off of Rs.339 crores. Operating EBITDA for July'11 to June'12 year was Rs. 1,176 Crores and Net Loss was Rs.317 Crores after considering Exceptional items of Rs.586 crores.

Consolidated Financial Performance:

The Company reported a consolidated Turnover, Operating EBIDTA and Net Profit after Tax of Rs.10,781 crores, Rs.1,908 crores and Rs.50 crores, respectively, after incorporating financials of subsidiaries, joint ventures & associate.

The net total debt gearing at consolidated level was 1.09 (as against 0.89, as on 31.3.2012).

Projects:

The implementation of Phase-II of 20 mtpa Beneficiation Plant and Phase-II of 5 mtpa HSM-2 at Vijayanagar Works and two new Colour Coating Lines at Vasind Works is progressing satisfactorily, to be commissioned in FY 2013.

Cold Rolling Mill (CRM-2) Phase 1 and 10 MTPA to 12 MTPA capacity expansion project at Vijayanagar is progressing satisfactorily and will be completed in FY 2014.

Redemption of outstanding Zero Coupon Convertible Bonds (FCCBs):

The Company in accordance with the terms of issue of the Zero Coupon Convertible Bonds of face value US\$ 1,00,000 each issued in June 2007, due on June 28, 2012 (the "FCCBs"), redeemed the FCCBs at 142.801% of the outstanding principal amount of US\$ 274.40 million. The Company has thus fully discharged its obligation towards the holders of these FCCBs, by making the payment totalling to US\$ 391,845,944 (inclusive of redemption premium) to the Principal Paying Agent, Citibank, N.A., London.

The FCCBs have been redeemed partially from raising ECB of US\$ 225 million and balance US\$ 166.85 mio from internal accruals.

Outlook

The World's crude steel production at 767 million tons during the first half of 2012 has marginally grown by about 1% over the same period of 2011 primarily due to the continuing recessionary trend in Europe and slowing economy in China.

The base level demand of steel still remains positive. However, the growth is expected to be lower at about 3.3% in 2012, vis-à-vis earlier forecast of 3.9% owing to Global economic slowdown.

Weakness in prices of major inputs like iron ore and coal coupled with supply side corrections in high cost regions will keep Global steel prices range bound in coming months.

In the background of such challenging situations, India registered a growth in steel consumption at 7.6% in Q1 FY'13 over corresponding period of last year as per the recent report of Joint Plant Committee.

Though a weak monsoon, slowing industrial activities and investments will certainly pose challenges for the Indian steel industry, however with the expectation of economic reforms being undertaken, the medium and long-term steel consumption should remain intact.



About JSW Steel Limited

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 US \$ 9 billion in little over fifteen years. JSW Steel Limited has the largest galvanizing and colour coating production capacity in the country and is the largest exporter of galvanized products 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.

