

AUDITORS' REPORT ON LIMITED REVIEW OF UNAUDITED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF JSW STEEL LIMITED

We have reviewed the accompanying statement of Unaudited Financial Results of **JSW STEEL LIMITED** ("the Company") for the quarter and nine months ended December 31, 2012 ("the Statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410- Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Without qualifying our report, we draw attention to note no. 2(b) of the Statement relating to the long term strategic investments and loans extended by the Company to its subsidiary, JSW Steel (USA) Inc. aggregating at 31 December 2012 to Rs. 307,947 lacs against which a provision of Rs 6,000 lacs has been made by the Company, for the reasons stated in the note.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed

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Deloitte Haskins & Sells

in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Management/Registrars.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

Registration No. 117366W



P.B. Pardiwalla

Partner

Membership No. 40005

MUMBAI, January 28, 2013

Registered Office : Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai- 400026.

PART I - Statement of Standalone Unaudited Financial Results for the Quarter and Nine Months ended 31st December, 2012

(Rs. in Lacs)

Sr. No	Particulars	Standalone					
		Unaudited			Unaudited		Audited
		Quarter Ended			Nine Months Ended		Year Ended
		31.12.2012	30.09.2012	31.12.2011	31.12.2012	31.12.2011	31.03.2012
1	Income from operations						
	a) Sale of Products						
	Domestic Turnover	765595	733779	706794	2354287	2018396	2876960
	Export Turnover	146494	211946	142964	514503	418308	588888
	Total	912089	965725	849758	2868790	2436704	3465848
	Less: Excise Duty	84398	82352	63796	254909	181779	259801
	Net Sales	827491	883373	785962	2613881	2254925	3206047
	b) Other Operating Income	1754	3717	1686	6214	2874	6219
	Total Income from operations (net) (a+b)	829245	887090	787648	2620095	2257799	3212266
2	Expenses						
	a) Cost of materials consumed	533790	618938	531001	1732075	1514293	2103761
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1578	(53486)	(14335)	(70647)	(64297)	(29781)
	c) Employee benefits expense	16041	17585	15023	51042	47306	62587
	d) Depreciation and amortisation expense	49751	48117	44442	144646	123619	170817
	e) Power and Fuel	49262	49591	43921	150053	120117	168384
	f) Other Expenses	97213	101947	86700	296417	242478	344235
	Total Expenses	747635	782692	706752	2303586	1983516	2820003
3	Profit from Operations before Other income, Finance Costs and Exceptional Items(1-2)	81610	104398	80896	316509	274283	392263
4	Other Income	5061	7826	4557	20714	13097	17930
5	Profit before Finance Costs and Exceptional Items (3+4)	87271	112224	85453	337223	287380	410193
6	Finance Costs	45457	42075	32741	128198	81868	118641
7	Profit after Finance Costs but before Exceptional Items(5-6)	41814	70149	52712	209025	205512	291552
8	Exceptional Items (refer note 2)	(32741)	42238	(50011)	(49708)	(102013)	(82096)
9	Profit before Tax (7-8)	9073	112387	2701	159317	103499	209456
10	Tax Expense	(4600)	30161	(14123)	36518	16131	46870
11	Net Profit after Tax (9-10)	13673	82226	16824	122799	87368	162586
12	Paid up Equity Share Capital (face value of Rs. 10 per share)	22312	22312	22312	22312	22312	22312
13	Reserves excluding Revaluation Reserves						1793431
14	Earnings per share (EPS)						
	Basic (Rs.)	5.76	36.49	7.18	53.95	38.07	71.42
	Diluted (Rs.)	5.76	36.49	7.18	53.95	38.07	71.42




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Part II - Selected Information for the Quarter and Nine months ended December 31, 2012

(A) PARTICULARS OF SHAREHOLDING							
Sr. No	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2012	30.09.2012	31.12.2011	31.12.2012	31.12.2011	31.03.2012
1	Public shareholding - Number of shares - Percentage of shareholding	138224074 61.95%	138224074 61.95%	138972461 62.29%	138224074 61.95%	138972461 62.29%	138572565 62.11%
2	Promoters and Promoter Group Shareholding	84893126	84893126	84144739	84893126	84144739	84544635
	a) Pledged / Encumbered						
	Number of shares	42261673	42060673	40072998	42261673	40072998	36666599
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	49.78%	49.55%	47.62%	49.78%	47.62%	43.37%
	Percentage of shares (as a % of the total share capital of the company)	18.94%	18.85%	17.96%	18.94%	17.96%	16.43%
	b) Non-encumbered						
	Number of shares	42631453	42832453	44071741	42631453	44071741	47878036
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	50.22%	50.45%	52.38%	50.22%	52.38%	56.63%
	Percentage of shares (as a % of the total share capital of the company)	19.11%	19.20%	19.75%	19.11%	19.75%	21.46%

(B) INVESTOR COMPLAINTS		3 months ended 31.12.2012
Pending at the beginning of the quarter		-
Received during the quarter		88
Disposed of during the quarter		88
Remaining unresolved at the end of the quarter		-



Notes :

1 Segment-wise Revenue, Results and Capital Employed

(Rs. in Lacs)

Sr. No.	Particulars	Standalone					
		Unaudited			Unaudited	Audited	
		Quarter Ended			Nine Months Ended	Year Ended	
		31.12.2012	30.09.2012	31.12.2011	31.12.2012	31.12.2011	31.03.2012
1	Revenue by Business Segment :						
	Steel	842050	908878	818550	2668902	2327955	3305763
	Power	98367	101542	71222	306309	185601	271088
	Total	940417	1010420	889772	2975211	2513556	3576851
	Less: Inter segment revenue	111172	123330	102124	355116	255757	364585
	Total Income	829245	887090	787648	2620095	2257799	3212266
2	Segment results before Finance Costs and tax:						
	Steel	30200	122458	15962	198444	135834	256826
	Power	24664	24183	14401	74357	36112	53560
	Total	54864	146641	30363	272801	171946	310386
	Less: Unallocable items						
	Finance Costs	45457	42075	32741	128198	81868	118641
	Unallocable expense net of unallocable income	334	(7821)	(5079)	(14714)	(13421)	(17711)
	Profit before Tax	9073	112387	2701	159317	103499	209456
3	Segment Capital Employed :						
	(Segment assets less Segment liabilities)						
	Steel	3229745	3027699	2724551	3229745	2724551	2739695
	Power	200502	194681	189001	200502	189001	185936
	Unallocated	(1468462)	(1266798)	(1117496)	(1468462)	(1117496)	(1075882)
	Total	1961785	1955582	1796056	1961785	1796056	1849749

The Company is primarily engaged in the business of manufacture and sale of Iron and Steel Products. The Company has identified two primary business segments, namely, Steel and Power (used mainly for captive consumption), which in the context of Accounting Standard 17 on "Segment Reporting" constitute reportable segments.

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2. Exceptional Items :

(a) Due to the significant movement in the value of the rupee against US dollar, the net foreign exchange gain / (loss) has been considered by the Company as exceptional in nature- Q3: Rs.(26741 lacs), Q2:Rs. 42238 lacs, Q3 previous year: Rs. (50011 lacs), YTD (43708 lacs), YTD previous year Rs. (102013 lacs), Previous financial year (82096 lacs).

(b) In respect of the Company's long term, strategic investment in one of its subsidiaries, JSW Steel (USA) Inc., the Company periodically reviews and assesses its business plans and expected future cash flows. The Company has also considered a recent independent valuation / internal preliminary assessments of a significant portion of its underlying tangible assets and is in the process of making a detailed assessment of the fair values of the net assets. However, since the subsidiary may have a longer gestation period than originally envisaged, the Company has concluded that it will be prudent at this stage to provide for at close an amount of Rs. 6000 lacs, considered as an exceptional item, against the carrying amounts of the investment and loans of Rs. 367947 lacs.

3. The Company has commenced commercial production of Phase II of its new Hot Strip Mill at Vijaynagar Works with effect from 15 December 2012 adding 1.5 MTPA to the existing HR Coil production capacity.
4. During the quarter, the Company has made additional investments aggregating Rs. 6920 lacs in subsidiary, associate and joint venture companies.
5. The Board of Directors of the Company on 1 September 2012 approved a Composite Scheme of Amalgamation and Arrangement under section 391 to 394 of the Companies Act, 1956 amongst JSW Steel Limited, JSW Ispat Steel Limited, JSW Building Systems Limited, JSW Steel Coated Products Limited (formerly Maharashtra Sponge Iron Limited) and their respective shareholders and creditors with 1 July 2012 being the appointed date. No accounting impact of the same has been given in the results above as the scheme is pending for approvals from shareholders and Bombay High Court and is yet to be made effective.
6. Paid up equity share capital does not include an amount of Rs. 6103 lacs being the amount originally paid up on the equity shares forfeited in an earlier year.
7. Comparative financial information has been regrouped and reclassified, wherever necessary, to correspond to the figures of the current quarter / nine months.
8. The auditors of the Company have carried out a Limited Review of the Standalone Financial Results for the quarter and nine months ended 31 December 2012 in compliance with Clause 41 of the Listing Agreement. The Standalone financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 28 January 2013.

For JSW Steel Limited



Seshagiri Rao M.V.S
Jt. Managing Director & Group CFO
28 January 2013





JSW Steel reports net profit of 137 crores for Q3 FY 2012-13

JSW Steel reported a net profit of ₹ 137 crores for the 3rd quarter ended 31st December 2012 in spite of inadequate availability of iron ore, inferior quality of ore with low Fe, high alumina and manganese and unreasonable prices for iron ore in E-auctions.

Notwithstanding these challenging environment, the Company showed improved performance with growth in Production and Sales volume of 8% & 14% respectively.

Performance Highlights: Standalone (Growth over YoY)

Products	Q3 FY'13		9M FY'13	
Crude Steel Production (in MnT):	2.09	8%	6.41	20%
Sales (in MnT):				
- Semis	0.08	-25%	0.24	-25%
- Rolled: Flat	1.66	15%	4.99	19%
- Rolled: Long	0.43	18%	1.22	22%
Total Saleable Steel (in MnT)	2.17	14%	6.45	17%
Net Sales Value (₹ crores)	8,275	5%	26,139	16%
Operating EBIDTA (₹ crores)	1,314	5%	4,612	16%
Profit after tax (₹ crores)	137	-19%	1,228	41%

Financial Performance (Standalone):

The Turnover and Net Sales for the quarter stood at ₹9,121 and ₹8,275 crores respectively showing a growth of 7% and 5% over the corresponding quarter of previous year. The Operating EBIDTA for the quarter is ₹1,314 crores with a margin of 15.8%.

Due to 4% depreciation in the value of the rupee against US Dollar during Q3 FY'13, the loss of ₹267 crores on restatement of foreign currency monetary items at close of the quarter has been provided. The Company as matter of prudence also made a provision of ₹60 crores towards carrying value of its

investment in US Plate & Pipe mill. Both the items are considered as exceptional in nature.

The company posted net profit of ₹137 crores, down by 19% over the corresponding quarter of previous year mainly due to lower capacity utilization of 78% in the quarter.

The Turnover and Net Sales for Nine months ended 31st December 2012 stood at ₹28,688 crores and ₹26,139 crores respectively, showing a growth of 18% and 16% over the corresponding period of previous year. The Operating EBITDA for Nine months ended 31st December 2012 is ₹4,612 crores, up 16% over the corresponding period of previous year. The company posted net profit of ₹1,228 crores, up by 41% over the corresponding period of previous year.

The Company's standalone net total debt gearing stood at 0.86 (vis-à-vis 0.75 as on 30.09.2012) and the weighted average interest cost of debt was at 8.18% (vis-à-vis 8.44%, as on 30.09.2012).

Iron Ore availability update:

Non availability of iron ore and poor quality of ore impacted the productivity by 20%. Most of the sponge iron, pig iron and pellet plants in the state of Karnataka are either closed or operating at around 20% capacity. Integrated steel players capacity utilization is at around 70%. The stock piles of 25 million tonnes ore more or less were auctioned; NMDC is not able to produce even after lapse of 17 months from the date of permission by Honorable Supreme Court, 1 million tonnes of iron ore per month. So far only 6 mines of Category 'A' resumed operations when Honorable Supreme court approved resumption of mining in Category 'A' in September 2012. These mines produced 0.71 million tonnes so far but produced ore is not put to E-auction. At this backdrop, the Company expects improvement in availability of ore as per details hereunder.

- Balance stock pile of around 1 million tonnes to be auctioned.
- Besides 6 mines, balance 4 mines of Category 'A' will also resume production in Q4 FY'13 and all these mines together are permitted to produce 5 million tonnes per annum.



- The Company expects that Honorable Supreme Court will consider resumption of mining in Category 'B' mines with permitted production of 6 million tonnes per annum.
- NMDC is expected to enhance production to 8 to 10 million tonnes per annum.
- The recommendation of CEC to cancel Category 'C' mines and auction them to end users is expected.

The availability of iron ore in the next financial year will be in the range of 19 to 21 million tonnes while Steel Industry in the State of Karnataka requires 30 million tonnes. However the company is exploring the possibility of using dumps with very low quality.

Projects:

New Cold Rolling Mill (CRM-2) Phase 1 and Phase 2 projects at Vijayanagar are progressing satisfactorily and will be completed during FY 2014/15. Non-Grain Oriented Electrical Steel project has been taken up for implementation and is expected to be completed in FY 2015.

Expansion and debottlenecking of coated products facility in Maharashtra from current capacity of 0.925 to 1.2 million tonnes will be completed in 1st quarter of next financial year.

Update on JSW Ispat Steel Ltd. merger:

The scheme of merger has been approved by the Competition Commission of India, National Stock Exchange of India and BSE Limited. As per the Bombay High Court direction, both JSW Steel and JSW Ispat convened meetings of its equity and preference shareholders on January 30, 2013 to seek their approvals for the scheme.

Outlook

Global economy is expected to grow by 3.5% in 2013. The world crude steel production for 2012 was 1548 million tonnes, a growth of 1.2% coming mainly from Asia, North America and Russia, while contraction reported in Europe. Global Steel demand is expected to grow by 3.2% in 2013, with raw material prices to be less volatile.



The Indian economy is bottomed out and expected to turn around in FY 2013-14 to stimulate steel demand growth while imports, mainly from FTA countries, remain a concern. Pragmatic policies on iron ore mining, speeding up of infrastructure projects and expected interest rate cut by RBI will boost demand for steel.

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/Galvalume products, Colour Coated Products, auto grade / white goods grade CRCA Steel, Bars and Rods. Incorporated in 1994, it has grown to about US \$ 10 billion in less than two decades. JSW Steel Limited is one of 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.

