

Financial Results for the Fourth Quarter ended March 31, 2014

JSW Steel reports highest ever quarterly Turnover and EBIDTA

Mumbai, India: JSW Steel Limited ("JSW Steel" or the "Company") reported its results for the Fourth Quarter ended March 31, 2014 ("4QFY14" 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 period 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 crude steel production (3.15 million tonnes, 49% growth YoY), the highest ever consolidated Gross Turnover of ₹15,242 crores, consolidated Exports of 0.87 million tonnes and the highest ever consolidated EBIDTA of ₹2,529 crores. Despite a challenging operating environment marked by muted domestic demand growth, the Company achieved 101% of its production and 103% of sales volume guidance for FY14.

Key highlights of the quarter:

Standalone Performance:

- Crude Steel production: 3.15 million tonnes, up by 49% YoY
- Saleable Steel sales: 3.10 million tonnes, up by 28% YoY
- Highest ever Gross Turnover: ₹13,330 crores up by 32%
- Highest ever Operating EBITDA: ₹2,496 crores up by 47%
- Net debt to equity 1.10x and Net debt to EBIDTA 3.03x

Consolidated Performance:

- Highest ever Gross Turnover: ₹15,242 crores up by 43%
- Highest ever Operating EBITDA: ₹2,529 crores up by 46%
- Net debt to equity 1.54x and Net debt to EBIDTA 3.71x

Operational Performance:

During the quarter, the Company reported total Crude Steel production of 3.15 million tonnes while Saleable Steel sales volume stood at 3.10 million tonnes. The details of production and sales volumes are as under:

Particulars	(Million tonnes)			
	4QFY14	YoY Growth	FY14	YoY Growth
Production: Crude Steel	3.15	49%	12.17	43%
Sales:				
- Rolled: Flat	2.47	29%	9.71	41%
- Rolled: Long	0.50	2%	1.81	6%
- Semis	0.13	590%	0.34	32%
Total Saleable Steel	3.10	28%	11.86	34%

Standalone Financial Performance:

JSW Steel recorded its highest ever quarterly Gross Turnover of ₹13,330 crores for the quarter, posting a growth of 32% on YoY basis. The Company reported an Operating EBITDA of ₹2,496 crores and a Net profit after Tax of ₹802 crores for the quarter. The operating EBITDA margin improved to 20 % vis-a-vis 18.3% marked by several productivity and cost improvement measures initiated by the company.

Gross Turnover and Net Sales for the financial year ended March 31, 2014 stood at ₹48,527 crores and ₹44,529 crores respectively, registering a growth of 25% and 26% on YoY basis. The Operating EBITDA for the financial year was ₹8,783 crores, up by 39% on YoY basis. The company posted a Net profit of ₹1,335 crores for the financial year.

The net gearing as on March 31, 2014 stood at 1.10x (as against 1.12x as on December 31, 2013) and Net debt to EBITDA stood at 3.03x (as against 3.23x as on December 31, 2013).

Subsidiaries performance:

JSW Steel Coated Products:

During the quarter, JSW Steel Coated Products registered a production of Galvanised / Galvalume products of 0.43 million tonnes and sales of 0.44 million tonnes. The Gross Turnover and Net Sales for the quarter stood at ₹2,735 crores and ₹2589 crores, respectively. It recorded an Operating EBITDA of ₹94 crores for the quarter.

A new 6-hi Cold Rolling Mill of 0.22 MTPA capacity at Kalmeshwar was commissioned during 4QFY14.

Chile Iron ore Mines:

The Iron ore mines in Chile produced 0.24 million tonnes and shipped 0.15 million tonnes of Iron ore concentrate during the quarter. The Company earned an Operating EBITDA of \$1.32 million for the quarter.

US Plate and Pipe Mill:

The US based Plate and Pipe Mill facility produced 0.11million net tonnes¹ of Plates and 0.016 million net tonnes of Pipes, reporting a capacity utilization of 44% and 11%, respectively, during 4QFY14. Sales volumes for the quarter stood at 0.095 million net tonnes of Plates and 0.016 million net tonnes of Pipes. The Company posted negative EBITDA of \$4.00 million for the quarter.

¹ 1 net tonne = 0.907 metric tonne

Consolidated Financial Performance:

JSW Steel recorded highest ever quarterly Gross Sales of ₹15,242 crores for the quarter, registering a growth of 43% YoY. Gross sales for the FY 2013-14 stood at ₹54,621 crores recording a growth of 32% over the previous year. The Operating EBITDA for FY 2013-14 stood at ₹9,165 crores.

The net gearing at consolidated level is 1.54x as on March 31, 2014 (as against 1.49x at the end of December 31, 2013), Net debt to EBITDA at consolidated level is 3.71x (as against 3.74x at the end of December 31, 2013) and the weighted average interest cost of debt was at 8.20% (vis-à-vis 8.03% as on December 31, 2013).

Projects Update:

During the quarter, the Company has commissioned the Continuous Galvanising line (CGL) of 0.40 MTPA, which is part of phase 1 of CRM2 Project at Vijayanagar works and the Pellet Pant & Coke oven plant at Dolvi works. In April 2014, the company has commissioned the Continuous Annealing Line (CAL) of 0.95MTPA at CRM-2, Vijayanagar Works.

The implementation of other ongoing projects like, 2nd CAL of 0.95 MTPA at CRM-2, Electrical Steel complex, SMS-3 and 2nd Bar Mill at Vijayanagar Works are in progress and is likely to complete as per schedule.

Key Development:

With a strategic goal to enhance market share in value added products, JSW Steel has invested in Tinsplate business by acquiring 50% equity shares of Vallabh Tinsplate Private Limited (VTPL). VTPL has 60,000 MT per annum Tin plate manufacturing capacity and is located at Village Rajpura, District Patiala of Punjab.

New Projects:

The company has received necessary approvals to take up brownfield expansion at the Dolvi plant to enhance capacity from 3.3 MTPA to 5 MTPA. The estimated cost of the expansion project is ₹3,300 crores to be financed in the Debt Equity ratio of 2:1. The project will be commissioned by 30th September 2015. The proposed expansion includes setting up a Sinter Plant, Blast Furnace modification, de-bottlenecking of SMS & HSM, Billet caster and 1.4 MTPA Bar Mill.

Besides, the company intends to modernize BF-1 at Vijayanagar to increase Hot Metal capacity from 0.9 MTPA to 1.7 MTPA at an estimated cost of ₹720 crores, subject to necessary approvals.

The Brownfield expansions are being undertaken at a specific investment cost of less than ₹20,000/- per tonne of installed capacity.

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, 2014.

The Board has, further, recommended dividend at ₹ 11 per equity share on the 24,17,22,044 equity shares of ₹10 each for the year ended March 31, 2014, 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 will be ₹ 311.08 Crores, vis-à-vis ₹ 282.80 Crores paid for FY13.

Guidance

During the financial year ended March 31, 2013, the company has commenced Pellet Plant and Coke Oven Plant at Dolvi and downstream facilities for value addition, which are expected to stabilise and ramp-up during FY 2014-15. With an enriched product-mix, the Company expects to sell more volumes in the domestic market.

The Production and Sales guidance for FY 2014-15 is given as below :

Particulars	FY'14 (Actual)	FY'15 (Estimated)	Growth (YoY)
Crude Steel Production (million tonnes)	12.17	12.90	6%
Saleable Steel Sales* (million tonnes)	11.86	12.40	5%

Outlook:

World economy is projected to grow at 3.6% in CY 2014 up from 3% in CY 2013 majorly influenced by expansion in output to be led by Advanced Markets with a continued recovery in Europe from 0.2% to 1.6% and US from 1.9% to 2.8% in CY 2013 and CY 2014, respectively. Japan is expected to continue monetary easing to improve inflation and Industrial growth. Emerging Markets are projected to exhibit a moderate growth at 4.9% in CY 2014 vs. 4.7% in CY 2013. China's increasing focus on "Quality" engineered growth is expected to moderate its investment-stimulated growth from 7.7% in CY 2013 to 7-7.5%. However, downside risks to growth trajectory arise from ongoing tapering of quantitative easing in the US posing a threat of interest rate hike and reversal of investment flow from Emerging Markets, diverging challenges of inflation between Advanced Markets and Emerging Markets along with rising corporate leverage and elevated debts in the Advanced Markets.

For India, FY 2014 has proven to be one of the toughest times especially with high inflation, elevated policy rates, depreciating Rupee with high volatility, rising NPAs, declining manufacturing, stagnant investments coupled with a near stall to policy-initiatives. All these have pushed the country into an economic slowdown for the second-year in succession with adverse downside risk

to economic growth projected at 4.9% as against 4.5% in FY 2013. However, prudent and timely measures by the RBI and the Government successfully stabilised and reversed the decline in Rupee to some extent, replenished Foreign Exchange Reserves, significantly improved Current Account Deficit and contained Fiscal Deficit.

A stable and new Government in the centre will have a sizeable task to over-ride the structural impediments, garner business confidence and restructure fiscal space to support investment for securing and sustaining economic growth recovery. Increasing risk to agriculture growth, due to drought from perceived threat of El Nino, remains an anonymous challenge. Moreover, administering a moderate economic growth projected between 5-6% during FY15 and simultaneously ensuring the momentum of disinflation remains the major challenge. However, global commodity prices, as estimated to remain moderate, could support the recovery process of Indian economy.

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, ports, and cement. 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.

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²In terms of gross turnover