Jindal Stainless Limited
Corporate Release

Key Performance Highlights for the Quarter ended 30th September 2014

Highlights for the Quarter (Y-o-Y)

- Stainless Steel melting production volume up by 12% to 2,97,717 tons
- Total Income from Operations (net) up by 9% to Rs. 3,304 crore
- EBITDA down by 12% to Rs. 214 crore
- Net profit/(loss) stood at Rs. (255) crore

Operational & Financial Performance

Figures in Rs. Crore	Y-o-Y Comparison			Q-o-Q Comparison		Half Yearly Comparison			12 Months
Particulars	Q2 FY2014-15	Q2 FY2013-14	% change Y-o-Y	Q1 FY2014-15	% change Q-o-Q	H1 FY2014-15	H1 FY2013-14	% change Y-o-Y	FY 2013-14
	A	B	(A-B)/B	C	(A-C)/C	D	E	(D-E)/E	F
Production Volumes									
Stainless Steel (tons)	2,97,717	2,64,746	12%	2,96,580	0%	5,94,298	5,52,349	8%	11,35,259
Ferro Alloys (tons)	37,351	41,196	-9%	42,709	-13%	80,060	84,622	-5%	1,66,326
Power (million units)	333	251	32%	369	-10%	702	618	14%	1,227
Sales Volumes (tons)									
Stainless Steel (tons)	2,63,967	2,61,479	1%	2,69,085	-2%	5,33,052	5,08,619	5%	10,30,208
Total Income from Operations (net)	**3,304**	**3,037**	**9%**	**3,238**	**2%**	6,542	5,867	**11%**	**11,947**
EBIDTA	**214**	**245**	**-12%**	**340**	**-37%**	**554**	**471**	**18%**	**880**
Non- operating other income	12	14		9		21	23		46
Finance Cost	343	296	16%	342	0%	684	585	17%	1,235
Depreciation	133	168	-20%	124	8%	257	335	-23%	688
Exceptional Gain / (Loss)	(6)	(223)		6		(0)	(477)		(417)
Profit before tax	**(257)**	**(428)**		**(111)**		**(367)**	**(903)**		**(1,414)**
Net Profit/ (Loss)	**(255)**	**(412)**		**(111)**		**(366)**	**(887)**		**(1,390)**

Corresponding Quarter Comparison (Jul'14-Sept'14 v/s Jul'13-Sept'13)

During the 2nd quarter ended 30th September 2014, the Company has achieved stainless steel melting production of 297,717 tons, ferro alloys production of 37,351 tons which are around 12% & (9)% up/(down) respectively as compared to previous year corresponding period figures. The stainless steel sales volume also witnessed an increase of around 1% to 263,967 tons during the same period. Net power generation is of 333 million units which is around 32% up y-o-y.

Total income from operations (net) for the 2nd quarter ended 30th September 2014 grew by 9% to Rs.3,304 crore in comparison to the previous year corresponding period figure of Rs. 3,037 crore. EBITDA for the 2nd quarter ended 30th September 2014, is Rs. 214 crore which is 12% lower than the previous year corresponding period figure of Rs. 245 crore.

Interest cost for the quarter has increased by around 16% to Rs. 343 crore as compared to previous year corresponding period figure of Rs. 296 crore, due to higher utilization of working capital facilities & conversion of certain foreign currency short term borrowings into rupee borrowings on account of change in regulatory guidelines.

Pursuant to the requirements of Schedule II of the Companies Act, 2013, the Company has, effective April 1, 2014, reviewed and revised the estimated useful lives of its fixed assets. Consequent thereto, the depreciation charge for the quarter and half year ended on 30.09.2014 is lower by Rs 43.59 crore and Rs 94.52 crore respectively.

On account of above stated factors, the Net loss for the quarter stood at Rs 255 crore as against the loss of Rs 412 crore during ending Sep 2013

Q-o-Q Comparison (Comparison with Q1 of FY 2014-15):

While during the 2nd quarter the Company achieved almost equal stainless steel melting production as compared to 1st quarter ending 30th June 2014; production of ferro alloys & power fell by 13% & 10% respectively.
This quarter also witnessed a reduction of 37% in EBITDA in comparison to 1st Quarter ending 30th June, 2014 EBITDA figure of Rs. 340 crore.

Half Year Comparison (Apr'14-Sept'14 v/s Apr'13-Sept'13)

During the half year ended 30th September 2014 the stainless steel melting production, ferro alloys and net power generation are up/(down) by 8%, (5)% & 14% respectively as compared to half year ended 30th September 2013. Total income from operations (net) is up by 11% in comparison to half year ended 30th September 2013. EBITDA is up by 18% to Rs. 554 crore in comparison to half year ended 30th September 2013.

Plant Performance:

During the 2nd quarter ended 30th Sep 2014, Hisar plant has achieved around 83% capacity utilizations and has achieved stainless steel melting production of 166,813 tons.

Further, stainless steel operations at Odisha have achieved capacity utilization of around 65% during the quarter with melting production of 130,905 tons. The EBITDA for Jajpur plant has increased to Rs. 81 crore vis-à-vis Rs. 28 crore of 2nd quarter of FY 2013-14.

Asset Monetisation cum Business Reorganisation Plan (AMP):

The Board of Directors of Jindal Stainless Limited had constituted a "Reorganization Committee" in February 2014 to explore and evaluate various options of reorganizing the Company's assets in an optimal way. The Committee in consultation with reputed advisors, consultants and legal counsel, has submitted a draft "Asset Monetization and Business Reorganization Plan" ('AMP') to the domestic lenders of the Company for their consideration. The AMP is aimed to facilitate enhancement of the networth and viability of the Company and unlock value of the stakeholders. Once approved, the Company will take the necessary steps for the effective implementation of the AMP in accordance with applicable laws.

Update on Coal Block:

The Hon'ble Supreme Court of India vide order dated 24.09.2014 has cancelled 214 out of 218 coal blocks allotted to various companies/entities, including the combined coal block comprising of Utkal- A and Gopalprasad West (West) allotted to the Joint Venture Company, MJSJ Coal Limited, in which MCL holds 60% stake and the Company holds 9% minority stake. No mining activity/production had commenced in this coal block, and therefore cancellation of this coal block allotted to Company will not have any material impact on the current operations of the Company.

Outlook:

With weaker-than-expected global growth for the first half of 2014 and increased downside risks, the pickup in global economy is still at least a year away. The pace of global growth is expected to stay subdued as uneven economic recovery continues. Revised estimates have tapered down global growth to 3.3 % in 2014 and 3.8% in 2015. Weak global investments and high geopolitical risks have been weighing heavily on economic recovery. Though, a decline in geopolitical tension may support some recovery in stressed economies.

However, Indian growth prospects remain on the positive side. The new government has a strong mandate to launch economic reforms. The IMF and World Bank both have projected revised upward growth this year citing renewed investors confidence in the domestic market. IMF report suggests optimism for Indian economy, and has predicted growth at 6.4% in 2015, whilst raising forecast to 5.6% in 2014. The industrial production has shown expansion. Reforms on fuel pricing and liberalization in FDI policy is further expected to strengthen the sentiments for the economy. Industry waits for reduction in interest rates as inflation has fallen to a 5-year low. A relaxed monetary policy would provide the much needed reprieve to industry.

Indian stainless steel industry is also expecting a positive momentum as infrastructure investments planned by the government should revive growth. Keeping in view, economic growth projected by IMF and World Bank, domestic growth in stainless steel industry should also be in tandem with rising economic activity, thereby boosting consumption of stainless steel. Domestic stainless steel demand is expected to grow above 6% in near term and can also grow between 8-10 % if certain corrective steps are taken by the Government. Structural reforms in stainless steel segment like duty structure and raw material security remain a big concern. Imports already control over 40% of the domestic market and quarter by quarter dumping from countries like China and FTA countries continues to increase. Domestic industry which has an installed capacity of around 4.5 million tons is operating at only 55% capacity utilization and is therefore reeling under severe pressure.

Nov 12, 2014

This release contains Company`s projections, expectations or predictions and are forward looking statements` within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company`s operations include economic conditions affecting demand and supply and price conditions in domestic and international market, changes in Government regulations, tax regimes, economic developments and other related and incidental factors. 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.