

Jindal Stainless Limited **Corporate Release**

Key Performance Highlights for the Quarter ended 31st December 2013

Highlights for the Quarter (Y-o-Y)

- Stainless Steel melting production volume up by 10% to 289,528 tons
- Total Income from Operations (net) up by 17% to Rs. 3,015 crore
- Exports up by 12% to Rs. 904 crore
- EBITDA up by 30% to Rs.156 crore
- Net profit/(loss) stood at Rs.(301) crore

Operational & Financial Performance

Particulars	Y-o-Y Comparison			Q-o-Q Comparison		Nine Months Y-o-Y comparison			12 Months
	Q3 FY 2013-14	Q3 FY 2012-13	% Change	Q2 FY 2013-14	% change Q-o-Q	9M FY 2013-14	9M FY 2012-13	% Change	FY 2012-13
	A	B	(A-B)/B	C	(A-C)/C	D	E	(D-E)/E	F
Production Volumes									
Stainless Steel Melting (tons)	2,89,528	2,62,884	10%	2,64,746	9%	8,41,876	7,42,780	13%	10,32,611
Ferro Alloys (tons)	35,128	16,771	109%	41,196	-15%	1,19,750	78,128	53%	1,03,459
Net Power (MU)	263	282	-7%	251	4%	880	878	0%	1,138
Sales Volumes (tons)									
Stainless Steel (tons)	2,60,772	2,28,593	14%	2,61,479	0%	7,69,390	6,49,974	18%	9,17,076
Total Income from Operations (net)	3,015	2,584	17%	3,039	-1%	8,884	7,265	22%	10,286
EBITDA	156	121	30%	246	-36%	629	469	34%	615
Non- operating other income	7	12		13		29	36		44
Interest	313	263	19%	296	6%	898	721	25%	990
Depreciation	176	171	3%	168	5%	511	512	0%	701
Exceptional Gain / (Loss)	24	(80)		(223)		(452)	(221)		(167)
Profit before tax	(301)	(381)		(428)		(1,204)	(949)		(1,199)
Profit after tax	(301)	(257)		(412)		(1,188)	(641)		(821)

Corresponding Quarter Comparison (Oct'13-Dec'13 v/s Oct'12-Dec'12)

During the 3rd quarter ended 31st December 2013, the Company has achieved stainless steel melting production of 289,528 tons, ferro alloys production of 35,128 tons which are around 10% & 109% up respectively as compared to previous year corresponding period figures. The stainless steel sales volume also witnessed an increase of around 14% to 260,772 tons during the same period. However, net power generation is of 263 million units which is around 7% down y-o-y.

Total income from operations (net) for the 3rd quarter ended 31st December 2013 grew by 17% to Rs.3,015 crore in comparison to the previous year corresponding



period figure of Rs. 2,584 crore. EBITDA for the 3rd quarter ended 31st December 2013, was at Rs.156 crore which is 30% higher than the previous year corresponding period figure of Rs. 121 crore.

Interest cost for the quarter has increased by around 19% to Rs. 313 crore as compared to previous year corresponding period figure of Rs. 263 crore, on account of conversion of certain foreign currency loans into INR loans & higher utilization of working capital facilities.

This quarter witnessed exceptional gain of Rs. 24 crore vis-a-vis exceptional loss of Rs. 80 crore in the corresponding period.

Nine Months Comparison (Apr'13-Dec'13 v/s Apr'12-Dec'12)

During the nine months ended 31st December 2013 the stainless steel melting production and ferro alloys production were up by 13% & 53% respectively as compared to nine months ended 31st December 2012. Total income from operations (net) was up by 22% in comparison to nine months ended 31st December 2012. EBITDA is up by 34% to Rs. 629 crore in comparison to nine months ended 31st December 2012.

Outlook

Federal Reserve of USA has started to roll-back its bond buying program and thereby the deluge of liquidity that had submerged the global financial markets over the last few years seems to be on a wane. While this may not be the end of easy monetary conditions globally as such, but this definitely is a firm step in that direction. In the changing global economic environment, wherein all major economies of the world are struggling to learn and live with a slower economic growth or the so-called new normal, India needs to do things differently to be able to push its economic growth to a higher trajectory which as a nation it had assumed as given and become complacent about.

Stainless Steel industry continues to struggle as demand growth has crashed from earlier double digits to low single digit now within the country. Slow economic growth and high inflation continue to act as a tax on the people, eroding their spending capacity. This is not allowing general demand to grow at a healthy pace. Further, due to issues discussed above the pipeline of sizable projects also looks to have dried out, thereby decimating a large source of industrial demand of stainless steel within India. Internationally, competition and low capacity utilizations are keeping SS margins a hostage for all global majors.



Indian Stainless Steel industry continues to suffer from twin malaise of cheap imports and unfavorable duty structure. Regulatory framework coupled with a volatile currency is not only increasing the raw-material cost for domestic manufacturers but is also causing uncertainty in business. Adverse duty structure for the domestic stainless steel industry, both in terms of import duty on raw-materials as well as finished goods, is only making matters worse.

Earlier in the year, basic customs duty on import of steel scrap was increased placing domestic stainless steel players at a huge competitive disadvantage vis-à-vis other countries like China. Chinese manufacturers enjoy substantial advantage over competition due to favorable duty structure wherein import duty on key inputs of stainless steel is almost negligible and there are enough trade barriers against import of finished goods giving the domestic manufacturers in that country a substantial edge over their counterparts in the other parts of the world.

We estimate that the stainless steel industry would continue to grow between 5-6% globally. In India, in spite of various odds, stainless steel industry has the potential to grow at around 8-9% provided the government is able to take certain steps on war footing. There are expected to be new growth drivers for stainless steel demand in the domestic market as segments such as plumbing, overhead water tanks, modular kitchens, milk cans, solar power, gas cylinder etc experiment with stainless steel as a metal of choice.

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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.