

JSL : Stainless Steel Production Up 3%

During the 1st quarter ended 30th June 2014, the Company has achieved stainless steel melting production of 296,580 tons, ferro alloys production of 42,709 tons & net power generation of 369 million unit which are around 3%, (2)% & 1% up respectively as compared to previous year corresponding quarter figures. Further, the stainless steel sales volume also witnessed an increase of around 9% to 269,085 tons during the same period. Total income from operations (net) for the 1st quarter ended 30th June 2014 grew by 14% to Rs. 3,238 crore in comparison to the previous year corresponding period figures of Rs. 2,830 crore. EBITDA for the 1st quarter ended 30th June 2014, was at Rs.340 crore which is around 50% higher than the previous year corresponding period figures of Rs. 226 crore. This quarter witnessed a growth of around 32% in EBITDA in comparison to 4th Quarter ended 31st March 2014 EBITDA figure of Rs.257 crore.

Interest cost for the quarter has increased by around 19% to Rs. 344 crore as compared to previous year corresponding period figure of Rs. 289 crore due to higher utilization of working capital facilities & conversion of certain foreign currency loans into INR loans. The Company has adopted the depreciation method as per new Company's Act 2013, which defines depreciation to be systematic allocation of depreciable amount of an asset over its useful life. Adoption of new method has resulted in reduction of depreciation expense and for relevant quarter the depreciation is Rs 124 crore as



compared with Rs 167 crore of Q1 of FY 2013-14. During the quarter the movement in exchange rates were in narrow range, due to which the company had a marginal exceptional gain of Rs 7.84 crore as against loss of Rs. 254 crore during Quarter1 of FY 2013-14. The Net loss for the quarter stood at Rs 111 crore as against the loss of Rs 475 crore during ending June 2013.

Plant Performance:

During the 1st quarter ended 30th June 2014, Hisar plant continues to run above 90% capacity utilizations and has achieved stainless steel melting production of 183,368 tons. Further, stainless steel operations at Odisha have achieved capacity utilization of around 57% by melting 113,212 tons. The EBITDA for Jajpur plant has increased to Rs. 136 crore vis-à-vis Rs. 51 crore of Quarter1 of FY 2013-14.

Outlook

There has been a strengthening in global economic activity broadly during 2013-14 and is expected to improve further in 2014-15. As per IMF World Economic Outlook, Global growth is projected to strengthen from 3% in 2013 to 3.6% in 2014 and 3.9%

in 2015. Among Asia Pacific nations, China and India are expected to have steadier growth however unrest in Middle East may be a dampener for growth. Indian growth forecast for 2014-15 is projected by both IMF & RBI at around 5.5%. Sentiment on domestic economic activity appears to be reviving, with firming up of industrial growth and exports. Initial slow progress of the monsoon and its uneven spatial distribution raised serious concerns regarding agricultural production; these have been mitigated, though not entirely dispelled, by the pick-up in the monsoon through much of the country in July. Policy reforms by the newly elected government and opening up of investment avenues for domestic and foreign private players is also strengthening the sentiment. High Inflation is an important challenge for sustainable growth of the economy and to bring it down RBI is keeping monetary policy tight. Stainless steel industry has tremendous scope for growth considering the size and the investments that have gone into it. India's growth rate at 8% is far ahead of the global growth rate of 5% in the stainless steel

sector. Moreover, with the infrastructure sector showing signs of revival there is significant scope in the domestic market to push growth of stainless steel to double digits. The future looks promising but hurdles are equally challenging, especially on account of huge Chinese imports that is hurting the domestic industry more than anything else. Although government has hiked import duty on flat products from 5% to 7.5% but, this is not enough to ward off the Chinese threat. Today, imports are eating into the domestic pie of stainless steel market to the extent of 35%. Proactive policy measures by the government in the form of safeguard, anti-dumping and anti-circumvention duties are the need of the hour.

OPERATIONAL & FINANCIAL PERFORMANCE

Figures in Rs. Crore (Except Quantitative Data)	Y-o-Y Comparison			Q-o-Q Comparison		12 Months
	Q1 FY2014-15	Q1 FY2013-14	% Change	Q4 FY2014-15	% Change	FY2013-14
	A	B	(A-B)/B	C	(A-C)/C	D
Production Volumes						
Stainless Steel Melting (Tons)	2,96,580	2,87,602	3%	2,93,383	1%	11,35,259
Ferro Alloys (Tons)	42,709	43,426	-2%	46,576	-8%	1,66,326
Power (million Units)	369	366	1%	346	7%	1,227
Sales Volume						
Stainless Steel (Tons)	2,69,085	2,47,139	9%	2,60,817	3%	10,30,208
Total Income from Operations (Net)	3,238	2,830	14%	3,069	5%	11,953
Ebitda	340	226	50%	257	32%	886
Non Operating Income	9	9		11		40
Finance Cost	344	289	19%	337	2%	1,235
Depreciation	124	167	-26%	177	-30%	688
Exceptional Gain / (loss)	8	(254)		36		(417)
Profit / (loss) Before Tax	(111)	(475)		(210)		(1,414)
Net Profit/ (loss)	(111)	(475)		(203)		(1,390)