Key Performance Highlights for the Quarter ended 31st December 2014

JINDAL STAINLESS

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Jindal Stainless Limited
Corporate Release

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Highlights for Nine months ending of FY 2014-15 (Y-o-Y)

- Stainless Steel melting production volume stood at 8,42,403 tons
- Total Income from Operations (net) up by 7% to Rs. 9,515 crore
- EBITDA up by 11% to Rs. 694 crore
- Net profit/(loss) stood at Rs. (708) crore

Operational & Financial Performance

Figures in Rs. Crore	Y-o-Y Comparison			Q-o-Q Comparison		Nine Months Y-o-Y comparison			12 Months
Particulars	Q3 FY 2014-15	Q3 FY 2013-14	% Change	Q2 FY 2014-15	% change Q-o-Q	9M FY 2014-15	9M FY 2013-14	% Change	FY 2013-14
	A	B	(A-B)/B	C	(A-C)/C	D	E	(D-E)/E	F
Production Volumes									
Stainless Steel Melting (tons)	2,48,103	2,89,528	-14%	2,97,717	-17%	8,42,403	8,41,876	0%	11,35,259
Ferro Alloys (tons)	31,582	35,128	-10%	41,115	-23%	1,15,909	1,19,750	-3%	1,66,326
Net Power (MU)	341	263	30%	333	2%	1,043	880	18%	1,227
Sales Volumes (tons)									
Stainless Steel (tons)	2,42,985	2,60,771	-7%	2,63,967	-8%	7,76,037	7,69,390	1%	10,30,207
Total Income from Operations (net)	**2,974**	**3,012**	**-1%**	**3,304**	**-10%**	**9,515**	**8,879**	**7%**	**11,947**
EBITDA	**140**	**153**	**-9%**	**214**	**-35%**	**694**	**624**	**11%**	**880**
Non- operating other income	11	10		12		32	34		46
Finance Cost	338	313	8%	343	-1%	1,023	898	14%	1,235
Depreciation	123	176	-30%	133	-8%	380	511	-26%	688
Exceptional Gain / (Loss)	(32)	24		(6)		(32)	(452)		(417)
Profit before tax	**(342)**	**(301)**		**(257)**		**(709)**	**(1,204)**		**(1,414)**
Profit after tax	**(342)**	**(301)**		**(255)**		**(708)**	**(1,188)**		**(1,390)**

Corresponding Quarter Comparison (Oct'14-Dec'14 v/s Oct'13-Dec'13)

During the 3rd Quarter ended 31st December 2014, the Company has achieved stainless steel melting production of 248,103 tons, ferro alloys production of 31,582 tons which are around 14% & 10% down respectively as compared to previous year corresponding period figures. The stainless steel sales volume also witnessed a decrease of around 7% to 242,985 tons during the same period. Net power generation is of 341 million units which is around 30% up y-o-y.

Plant Performance:

Hisar: During the 3rd Quarter ended 31st December 2014, Hisar plant achieved around 81% capacity utilization with melting production of 161,399 tons. The EBITDA for Hisar plant stood at Rs. 140 Crore as compared to corresponding quarter of 2013-14 of Rs. 179 Crore (lower by around 22%).

Odisha: Stainless steel operations at Odisha have achieved capacity utilization of around 43% during the quarter with melting production of 86,704 tons. The EBITDA for Jajpur plant stood at Rs. 1 crore vis-à-vis Rs. (37) crore of 3rd Quarter of FY 2013-14.

Total income from operations (net) for the 3rd Quarter ended 31st December 2014 reduced marginally by 1% to Rs.2,974 crore in comparison to the previous year corresponding period figure of Rs. 3,012 crore. EBITDA for the 3rd Quarter ended 31st December 2014, is Rs. 140 crore which is 9% lower than the previous year corresponding period figure of Rs. 153 crore.

The EBITDA during the quarter was lower mainly on account of following reasons:

a. Temporary interruption in the Cold Rolling Mill Operations at the Jajpur plant of the company partially affected its production during the quarter.
b. Squeezed margin mainly due to sudden movement in the raw material prices especially Nickel
c. Cross subsidy imposed by DHBVNL on power sourced through Open access

Interest cost for the quarter has increased by around 8% to Rs. 338 crore as compared to previous year corresponding period figure of Rs. 313 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 nine months ended on 31.12.2014 is lower by Rs. 48.61 crore and Rs. 143.13 crore respectively. Additional adjustments, if any, based on further refinement of estimates/clarifications from regulators in this regard would be carried out as and when determined.

Exceptional item includes:
a) Exchange Loss (net) of Rs. 15.33 crores and Rs. 15.96 crores for the quarter and nine months respectively ended on 31st December'2014 as per the existing practice and
b) Provision for diminution in value of investment and advance in a subsidiary company, Jindal Stainless Madencilik Sanayi VE Ticaret A.S., Turkey amounting to Rs. 16.30 crores for the quarter and nine months ended on 31st December, 2014, for which company has entered into MOU for disposal of its shareholding in the said company.

On account of above stated factors, the Net loss for the quarter stood at Rs 342 crore as against the loss of Rs 301 crore during quarter ending December 2013

Q-o-Q Comparison (Comparison with Q2 of FY 2014-15):

During the 3rd Quarter the stainless steel melting production of Company reduced by 17% when compared to 2nd quarter ending 30th September 2014; production of ferro alloys also fell by 23% & Power production was marginally higher by 2%.
This quarter also witnessed a reduction of 35% in EBITDA in comparison to 2nd Quarter ending 30th September, 2014 EBITDA figure of Rs. 214 crore due to reasons already given herein before

Nine Months Comparison (Apr'14-Dec'14 v/s Apr'13-Dec'13)

During the nine months ended 31st December 2014 the stainless steel melting production, ferro alloys and net power generation are up/(down) by 0%, (3)% & 18% respectively as compared to nine months ended 31st December 2013. Total income from operations (net) is up by 7% in comparison to nine months ended 31st December 2013. EBITDA is up by 11% to Rs. 694 crore in comparison to nine months ended 31st December 2013.

Capital & Net Worth:

On 19th December, 2014, the Company has allotted 1,10,00,000 equity shares of Rs.2/- each to JSL Overseas Limited, a member of promoter group, upon conversion of 1,10,00,000 Cumulative Compulsory Convertible Preference Shares (CCCPS) into equity shares. Consequently, the paid up equity share capital of the Company stands enhanced to Rs.45,27,50,010/- divided into 22,63,75,005 equity shares of Rs.2/- each and preference share capital stands reduced to 96,20,880 divided into 48,10,440 CCCPS of Rs.2/- each.

Asset Monetisation cum Business Reorganisation Plan (AMP):

Consequent to the approval of domestic lenders on the AMP, the Composite Scheme of Arrangement ("Scheme") amongst Jindal Stainless Limited and its three wholly owned subsidiaries namely 'Jindal Stainless (Hisar) Limited, Jindal United Steel Limited and Jindal Coke Limited, as approved by the Board of Directors in its meeting held on 29th December, 2014, subject to approval of the shareholders and all other concerned persons or authorities, has been filed with the Stock Exchanges as per clause 24(f) of the listing agreement.

Outlook:

IMF estimates that growth in emerging markets is expected to remain stable at 4.3 percent. However, for India, World Bank has projected it to be over 6 percent growth. The new government has introduced set of major reforms, but, actual results may have a lag period as streamlining regulatory structure is a time consuming process. Although, later on GDP, Industrial production and Inflation indicate an improved economic sentiment, but the industry still awaits relaxation in monetary policy. Government's effort to resolve core sector issues should be fast tracked to revive the manufacturing sector.

In above scenario, Indian Stainless steel Industry continues to suffer from unwarranted imports, especially from China. Also imports from Japan and Korea under the Free Trade Agreement (FTA) route is adding to injury of domestic manufacturers. Immediate duty Increase by the government to check imports will aid Stainless steel industry and will lead to enhancement of the domestic capacity utilisation, which is below 50% currently. In order to check the large scale dumping from China it is important that the government increases the peak rate of duty for the Steel Sector from 10% to 25% as recommended by the Steel Ministry. In the meanwhile, we hope that finance ministry would increase the existing Basic Custom Duty on import of Stainless Steel from 7.5% to 10%. Upbeat economic sentiment coupled with optimistic growth projection from IMF and World Bank together with an expected positive union budget may provide the much needed relief to the domestic stainless steel sector.

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