



PRESS RELEASE

Acute Iron Ore Shortage led to Burgeoning Imports into India

- First shipment of capesize iron ore imports by JSW Steel arrived;
- Total imports of iron ore in FY15 by JSW Steel to cross 6 million tonnes;
- Acute shortage of iron ore in the country due to restrictions & delay in opening up of mines;
- Export of iron ore pellets drains India's mineral wealth further accentuating the shortage of iron ore to Indian Steel companies;

Mumbai, 11 July 2014: With iron ore supplies getting tighter due to severe shortage, JSW Steel has decided to import around 6 million tonnes (MT) of iron ore in the current fiscal from overseas market. This is an irony that India has to import iron ore inspite of having large iron ore resources. Indian steel manufacturers are losing out the most comparative advantage of availability of local iron ore and are constrained to resort to imports denting the competitiveness of steel manufacturing in India.

The country's leading steel manufacturer, JSW Steel imported its first iron ore shipment in capesize vessel with 1,70,000 tonnes of high grade iron ore in the last week from South Africa at Krishnapatnam Port. Three more shipments of iron ore in capesize vessels are planned to reach Indian ports in next few days.

These imports are necessary for the company to supplement the supplies of iron ore in the domestic market due to substantial drop in domestic production besides restrictions on movement of iron ore from one state to another state.

Mr Seshagiri Rao, Jt MD, JSW Steel and Group CFO, said, "The recent closure of mines in Odisha, delay in opening up of mines in Karnataka and Goa had resulted in acute shortage of iron ore in the country. We have decided to import half a million tonne of high-grade ore every month to maintain the capacity utilisation at optimum level. The surging iron ore prices due to shortages in India is matter of grave concern when international iron ore prices dropped by more than 30% in the last 12 months."

There has been a sharp decline to 77% in capacity utilization in Indian steel industry due to shortage of iron ore in FY 2013-14 from 88% in 2010-11.



Iron ore production in India fell significantly during the course of past few years i.e. from a level of 218 million tonnes (MT) in 2009-10 to only 144 MT in 2013-14 which is further expected to drop to 100 MT in FY 2014-15 against the demand of 140 MT.

A majority of mines in two key iron ore producing states — Karnataka and Goa—are yet to resume normal operations despite a partial lifting of court-ordered mining bans.

Moreover, the export of iron ore pellets is not only draining India's mineral wealth but is also causing significant revenue loss and drain on foreign currency reserves due to import of finished steel into the country. Besides, value addition in case of pellets is merely 20 per cent as against 500% in case of steel.

India is planning to increase steel manufacturing capacity to 300 MT by 2025 to build our country's infrastructure. If India has to achieve the target, it is of paramount importance to conserve our country's natural resources for domestic manufacturing and value addition instead of exporting and exhausting the precious natural resources.

JSW Steel

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 billion 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.

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