

PRESS RELEASE

FINANCIAL RESULTS FOR SECOND QUARTER & FIRST HALF -FY16

JSPL Standalone Q2FY16 Performance:

- Crude Steel Production: 0.85 million tonnes
- Steel Sales: 0.78 million tonnes
- Gross Turnover: Rs. 3,173 Cr
- Operating EBITDA: Rs. 633 Cr (EBITDA margin 20%)

JSPL Consolidated Q2FY16 Performance:

- Crude Steel Production: 1.03 million tonnes
- Steel Sales: 0.97 million tonnes
- Gross Turnover: Rs. 4,708 Cr
- Operating EBITDA: Rs. 976 Cr (EBITDA margin 21%)
- JPL – Power Generation up 45% and Turnover Increases 46% q-o-q

A. Steel – JSPL Standalone and Consolidated

In FY16, for the second quarter in succession, JSPL produced over one million ton of crude steel. In Q2FY16, steel production (incl Oman) grew by 11% y-o-y. Similarly, over H1FY15, steel production grew by 23% in H1FY16. This was possible due to enhanced capacity utilization of Angul and Oman Steel plants. In terms of sales volume, JSPL sold 0.97MT of steel in Q2FY16 thus registering a growth of 10 % y-o-y. Likewise, steel volumes in H1FY16 grew by 22% y-o-y. Pellet sales volumes in Q2FY16 increased by 86% y-o-y and by 48% in H1FY16 (compared to H1FY15).

Standalone turnover of JSPL declined marginally by 1 % y-o-y from Rs. 3197 Cr to Rs. 3173 Cr due to lower Net Sales Realization (NSR). JSPL standalone EBITDA in Q2FY16 is at Rs. 633 Cr viz a viz Rs.1,103 Cr (y-o-y), due to higher raw material & fuel costs and lower NSRs. EBITDA margin at 20% in Q2FY16 continues to be above Industry benchmark due to better product mix.

Consolidated turnover of JSPL declined 8% y-o-y from Rs. 5143 Cr to Rs.4708 Cr due to subdued Middle East markets. Exceptional losses impacted Consolidated PAT on account of impairment of overseas fixed assets (Australia) & foreign exchange variations attributable to sharp depreciation in Australian Dollar.

Steel (incl Oman)

Particulars (in MT)	2Q FY16	YoY (%)	1Q FY16	FY15
Production: Crude Steel	1.03	11%	1.10	3.62
Steel Sales (Excl. Captive)	0.97	10%	1.07	3.38

A. Jindal Power Ltd (JPL)

Operational Performance of JPL improved significantly. In Q2FY16, higher utilization of power plant by 45% resulted in 46% increase in Turnover q-o-q. EBITDA margins were lower due to higher coal costs. Transmission of power to southern states has started to improve. With the commissioning of the 765 KV Aurangabad-Sholapur line, JPL has now got full 400 MW of Long term access for TNEB PPA. JPL has also bagged a few Short Term contracts from SEB's for immediate delivery. Recently Ministry of Coal has come up with Special e-auction for regulated sector under which coal quantities will be auctioned for operational plants under categories having PPAs and with no PPAs. This will help in procurement of coal at cheaper prices, ensure higher plant utilization and increased cash flows.

Global Ventures

- a) **Oman:** Inspite of subdued demand in the Middle East, the plant continues to maintain its operating margins. Production of HBI increased by 25 % q-o-q and 12% y-o-y. The plant reported a healthy EBITDA of 19% (decline by 3% y-o-y and 2 % q-o-q due to falling NSRs). The plant continues to generate positive cash flows.
- b) **Wollongong Coal Limited, Australia:** The approved section of Long wall 6 (365m) at Russell Vale Mine was completed in July'15. Post regular approvals, we expect production to re-commence in Q4FY16. Wongawilli colliery continues to be under care and maintenance.
- c) **South Africa**
Prime products/Middling production increased 17% y-o-y.
- d) **Mozambique**
The company is targeting export of thermal coal to neighbouring countries which has a potential of 10,000 tons per month. The company is further optimizing its logistics cost by generating revenues from the idle railway capacity.

B. Key Initiatives and Project updates: -

The company continues its focus on operational efficiency and cost reduction. Several steps have been initiated in this direction.

1. **New Oxygen Electric Furnace (NOEF) at Raigarh Plant :** - JSPL has successfully converted one of its Electric Arc Furnace(EAF) to a basic oxygen type furnace. This would result in lower Thermal coal requirement (as more hot metal produced through Blast Furnace route will be used), power savings and eliminates consumption of Electrodes. Going forward, this will result in substantial saving in our steel making (liquid steel) cost at Raigarh.

The company would progressively implement this technology in the other EAF's at Raigarh and Angul.

2. **Producer Gas Plant Installed:** - JSPL successfully commissioned the largest rated capacity Producer Gas plant in India at its Patratu plant (Jharkhand State). It has a designed capacity of 80,000 nm³/hr with 10 Gasifiers. Commissioning of PGP will help in fuel cost saving & quality improvement. It will also help to reduce the scale formation in the mill, leading to optimization of cost and yield. The plant at Patratu has a Wire Rod Mill of 0.6 MT and Rebar Mill of 1.0 MT capacity.
3. **Dispatch of 260 Meter long Rail Panels:** - JSPL for the first time in its History, successfully welded and despatched 260 Meter long Rail Panels from its Raigarh Plant. The long rails will be used in the Dedicated Delhi – Kolkata freight corridor. With this achievement, JSPL has entered into the highly competitive Long Rail segment which commands higher NSRs.
4. **CGP Plant at Angul:** - The world's First Syn Gas based DRI plant at Angul continues to operate at optimum capacity. The coal to gas plant with an installed capacity of 225,000 nm³ per hr converts raw gas into syn gas which helps in producing DRI of superior quality with lower nitrogen content. The several by products like Sulphur, Phenol, clear Tar etc., have a ready market. JSPL has already entered into a long term sale contract for these products. This helps in reduction of gas cost in Angul plant.
5. **Retail sales** under the Brand Name "Panther" continue to register exponential growth - grew by more than 60% y-o-y. Few value added products like cut and bend are gaining traction. Concentrating on B2C segment would further push volumes and also help in higher NSRs.



6. **Structural Steel Business:** - JSPL has diversified into products like Speed Floor, Welded Mesh, MG Boards, sale of Structural Steel to High Rise buildings. Recently, JSPL won three contracts which are under execution.

The Company is currently commissioning the following projects which were started in 2013:

- a) 1.4 MTPA Rebar mill in Angul, expected to be commissioned by Q4FY16.
- b) 1.4 MTPA Rebar mill in Oman, expected to be completed in Q4FY16.

C. Outlook FY16

Steel Production in India during the current financial year increased marginally. Consumption of finished steel has grown by 4.1%. As per WSA, steel consumption in India is expected to grow by 7.6% in FY16. However, Domestic steel manufacturers continue to face pressure from falling steel prices due to Imports from China, Korea and other countries. Dumping of steel by these countries has resulted in decline in NSR's for steel manufacturers. Though, Imports remain a serious threat to the Indian steel manufacturers, Govt's imposition of safeguard duty on certain grades of HRC has been a step in the right direction. It is expected that the Govt will now impose safeguard duty on other steel products as well to protect Indian steel Industry - the sooner the better.

With Govt's emphasis on Infrastructural spending, easing of monetary policy by RBI and general pick up in Industrial activity, Steel consumption is expected to grow in the coming quarters.

The way forward: -

Steel: -

During FY16, JSPL has been able to ramp up its production volume by sweating its recently commissioned production facilities. Subject to favourable market conditions, JSPL is targeting to produce over 5 Million tonne of steel in FY16 which would be about 50% higher than FY15.

With increased availability and declining Iron ore prices, cost of steel production should come down. Auctioning of Iron ore mines by Odisha State should help us in further securing our Iron ore requirements.

Power: -

Power Sector reforms initiated by Govt of India should help our power business. "UDAY" launched by Govt would help in improving the financial health of the SEB's. This

would in turn help IPP's to sell more power and improve its PLF's. Govt's resolve to ensure 24 X 7 power and electrification of all villages should push power demand. Availability of cheaper coal, increased transmission access and opening up of new PPA's will help in higher utilization of our power plants. With 3400 MW of installed IPP capacity, JSPL is well poised to utilize this opportunity.

Mining: -

Overseas mining operations are gaining traction and with renewed focus on cost reduction in mining operations and logistic costs, they are expected to post better results in FY16.

Financial: -

In parallel with efforts to augment production of both Steel and Power, JSPL is committed to bring down its production cost by vigorously pursuing on multiple cost reduction, energy savings and operational efficiency.

High on the agenda is reduction of working capital, strengthening the internal processes, work flow and optimum utilization of manpower by multiskilling. Financial de-leveraging continues to be a focus area with emphasis on reduction of Debt. Sale of Non- Core Assets as identified by the company viz., Aircraft sale, Bolivia settlement and Botswana stake sale are proceeding as per plan and we expect these transactions to be completed in FY16. The management is confident that the various steps taken by the company would ultimately improve its financial performance and create immense value to the various stakeholders in the times to come.



STANDALONE FINANCIAL RESULTS

(Figures in Rs Cr.)

Parameter	Quarter 2	
	2015-16	2014-15
Turnover	3,173	3,197
EBITDA	633	1,103
EBITDA %	20%	34%
Depreciation + Amortization	249	444
Interest	676	447
PBT	(282)	237
PAT	(204)	287

Parameter	Half Year	
	2015-16	2014-15
Turnover	6,306	6,521
EBITDA	1,343	2,295
EBITDA %	21%	35%
Depreciation + Amortization	750	859
Interest	1,367	875
PBT	(710)	607
PAT	(471)	594

Parameter	FY 15-16	
	Q2	Q1
Turnover	3,173	3,134
EBITDA	633	710
EBITDA %	20%	23%
Depreciation + Amortization	249	501
Interest	676	691
PBT	(282)	(428)
PAT	(204)	(267)



CONSOLIDATED FINANCIAL RESULTS

(Figures in Rs Cr.)

Parameter	Quarter 2	
	2015-16	2014-15
Turnover	4,708	5,143
EBITDA	976	1,640
EBITDA %	21%	32%
Depreciation + Amortization	500	650
Interest	765	599
PBT	(253)	431
Exceptional Item	(439)	-
PAT	(695)	400
PAT (Before Exceptional)	(256)	400

Parameter	Half Year	
	2015-16	2014-15
Turnover	9,134	9,830
EBITDA	1,994	3,269
EBITDA %	22%	33%
Depreciation + Amortization	1,247	1,317
Interest	1,616	1,134
PBT	(759)	948
Exceptional Item	(439)	-
PAT	(1,050)	802
PAT (Before Exceptional)	(611)	802

Parameter	FY 15-16	
	Q2	Q1
Turnover	4,708	4,426
EBITDA	976	1,017
EBITDA %	21%	23%
Depreciation + Amortization	500	747
Interest	764	851
PBT	(253)	(506)
Exceptional Item	(439)	-
PAT	(695)	(355)
PAT (Before Exceptional)	(256)	(355)



PRODUCTION (Consolidated)

Product (MT)	Quarter 2		Growth (%)
	2015-16	2014-15	
Sponge Iron	495,936	333,580	49%
Pig Iron & Hot Metal	500,442	441,353	13%
HBI	399,262	356,886	12%
Steel*	1,025,168	923,933	11%
Pellets	1,254,569	914,529	37%
Power (million kWh) (Exc. JPL)	1,534	1,606	-4%

Product (MT)	Half Year		Growth (%)
	2015-16	2014-15	
Sponge Iron	1,011,120	676,714	49%
Pig Iron & Hot Metal	986,207	839,150	18%
HBI	718,075	710,612	1%
Steel*	2,123,362	1,724,942	23%
Pellets	2,366,222	1,822,380	30%
Power (million kWh) (Exc. JPL)	3,325	3,288	1%

*only Slab/Round/Bloom/Beam Blank (includes Oman)

SALES (Consolidated)

Product (MT)	Quarter 2		Growth (%)
	2015-16	2014-15	
Steel Products*	966,330	881,416	10%
Power (million kWh) (Exc. JPL)	388	387	0%
Pellets (External Sales)	398,447	214,530	86%

Product (MT)	Half Year		Growth (%)
	2015-16	2014-15	
Steel Products*	1,985,629	1,629,222	22%
Power (million kWh) (Exc. JPL)	920	940	-2%
Pellets (External Sales)	492,727	332,936	48%

*Slabs/Bloom/Billets/Structurals & Rails/Universal Plate/Coil/Converted Angle/Channel/ Wire Rod /TMT/Fabricated Beams/Plates (Includes Oman)

JINDAL POWER LIMITED (JPL)

(A SUBSIDIARY OF JSPL)

Particulars	Quarter 2	
	2015-16	2014-15
Turnover	889	927
EBITDA	168	522
EBITDA%	19%	56%
PBT	61	377
PAT	45	295
Depreciation + Amortization	130	129
Cash Profit	178	424
Generation (million units)	2728	2799
PLF (%) - 4X250 MW	60%	95%
PLF (%) - 3X600 MW	35%	18%

Particulars	Half Year	
	2015-16	2014-15
Turnover	1,499	1,629
EBITDA	347	918
EBITDA%	23%	55%
PBT	97	623
PAT	71	490
Depreciation + Amortization	259	259
Cash Profit	335	749
Generation (million units)	4,604	5,245
PLF (%) - 4X250 MW	52%	92%
PLF (%) - 3X600 MW	35%	7%

Particulars	2015-16	
	Q2	Q1
Turnover	889	610
EBITDA	168	170
EBITDA%	19%	28%
PBT	61	36
PAT	45	26
Depreciation + Amortization	130	129
Cash Profit	178	157
Generation (million units)	2,728	1875
PLF (%) - 4X250 MW	60%	45%
PLF (%) - 3X600 MW	35%	34%

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