

**JSW Steel reports highest ever quarterly crude steel production
and highest ever quarterly sales**

Mumbai, India: JSW Steel Limited (“JSW Steel” or the “Company”) today reported its results for the First Quarter ended 30th June, 2016 (“1Q FY2017” or the “Quarter”).

Key highlights of the quarter:

<p>Standalone Performance:</p> <ul style="list-style-type: none"> ▪ Highest ever quarterly Crude Steel production: 3.87 million tonnes, up by 14% YoY ▪ Highest ever quarterly Saleable Steel sales: 3.34 million tonnes, up by 8% YoY ▪ Highest ever quarterly Gross Turnover: ₹11,908 crores ▪ Operating EBITDA: ₹3,098 crores <p>Consolidated Performance:</p> <ul style="list-style-type: none"> ▪ Gross Turnover: ₹12,720 crores ▪ Operating EBITDA: ₹3,269 crores

Operational Performance:

During the quarter, the company has focused to ramp-up production at the Blast Furnaces at Vijayanagar and Dolvi, which were re-commissioned in the March 2016 quarter after modification and capacity expansion. These furnaces started commercial production with effect from 1st May 2016. After a sharp drawdown of inventories in the earlier quarters to meet customer commitments during planned shutdowns, the company replenished the finished goods stock in the current quarter to bring inventories to normalized levels. As a result, Crude Steel production stood at 3.87 million tonnes while Saleable Steel sales volume was 3.34 million tonnes.

Particulars	(Million tonnes)		% YoY Growth
	1Q FY2017	1Q FY2016	
Production: Crude Steel	3.87	3.40	14%
Sales:			
- Rolled: Flat	2.48	2.40	3%
- Rolled: Long	0.74	0.62	18%
- Semis	0.12	0.08	61%
Total Saleable Steel	3.34	3.11	8%

During the quarter, steel production ramp-up in the industry was ahead of expected demand pick-up in the latter part of the year. At the same time, domestic apparent demand growth was almost flattish (0.4%YoY). With strong and remunerative export orders, the company strategically re-focused on the exports sales during the quarter, which grew by 39%YoY, cushioning the impact of flattish domestic sales.

The company has also been focusing to increase branded and automotive steel products sales. During the quarter, the sales to the automotive sector grew by 16%YoY compared to 12%YoY growth in the Indian automotive production. Sales of Branded steel products also increased by 15%YoY. Overall, sales of value added and special products sales grew by 4%YoY in the quarter.

Transition to Ind-AS Reporting

The Company has adopted the Indian Accounting Standard ("Ind-AS") with effect from 1st April 2016 and the financial results for the quarter ended 30th June 2016 have been prepared in accordance with the recognition and measurement principles laid down in the Ind-AS 34 Interim Financial Reporting (prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder). The results for the quarter ended 30th June 2015, 31st March 2016 and year ended 31st March 2016 have been restated to comply with Ind-AS to make them comparable.

Standalone Financial Performance:

JSW Steel recorded Gross Turnover for the quarter of ₹11,908 crores. The Operating EBITDA for the quarter was ₹3,098 crores, up by 85%YoY primarily driven by lower input costs and better operating efficiencies, with an EBITDA margin of 28.4%. The net profit after tax stood at ₹1082 crores, whereas the total comprehensive income was at ₹1,214 crores for the quarter.

The net gearing stood at 1.85x at the end of the quarter (as against 1.71x at the end of FY2016) and the Net Debt to EBITDA stood at 5.13x (as against 5.49x at the end of FY2016).

Subsidiaries Performance:

JSW Steel Coated Products:

During the quarter, JSW Steel Coated Products registered a production (Galvanised/Galvalume products) volume of 0.41 Million Tons and sales volume of 0.40 million tonnes. The Gross Turnover and Operating EBITDA for the quarter stood at ₹2,190 crores and ₹157 crores, respectively. Net Profit after Tax was ₹74 crores for the quarter.

US Plate and Pipe Mill:

The US based Plate and Pipe Mill facility produced 37,859 net tonnes of Plates and 4,598 net tonnes of Pipes, reporting a capacity utilization of 16% and 3%, respectively, during the quarter. Sales volumes for the quarter stood at 27,542 net tonnes of Plates and 5,618 net tonnes of Pipes. It reported an EBITDA Loss of \$5.45 million for the quarter.

Consolidated Financial Performance:

JSW Steel recorded Gross Turnover of ₹12,720 crores for the quarter. The Operating EBITDA for the quarter was ₹3,269 crores, up by 92% YOY. The Company posted a Net profit after Tax of ₹1109 crores for the quarter, after incorporating the financials of subsidiaries, joint ventures and associates. The total comprehensive income was at ₹1,191 crores for the quarter.

The net gearing at consolidated level was 2.27x at the end of the quarter (as against 2.18x at the end of FY2016), Net debt to EBITDA at consolidated level is 5.69x (as against 6.39x at the end of FY2016)

Outlook

Global economic growth outlook remains fragile. The International Monetary Fund (IMF) has revised down its projections for CY2016 World Economic Growth to 3.1%. It has warned about downside risks as 'Brexit' has substantially increased economic and political uncertainty, especially in advanced European economies. In the US, though growth appears to have improved in 2QCY16, a likely shift in policy stance indicates lower confidence on sustained recovery. At the same time, stronger Yen is likely to continue to limit Japan's growth potential. The outlook in the large emerging economies (like Russia and Brazil) has improved but continues to be diverse in other emerging economies.

Rising global steel prices in March and April drove a sharp increase in steel production in all major regions during 2QCY16 (except Europe and South America). Global steel capacity utilization in June 2016 jumped to 71.8%. With surge in production not being supported by underlying demand, prices started declining May onwards, but of late they have firmed up again mainly on restocking demand led by infrastructure and construction sectors in China. However the global steel industry continues to face headwinds of weak demand and overcapacity. Exports from steel-surplus countries (like China, Korea and Japan) continue to increase. In the absence of effective tariff measures, South East Asia, Middle East, Africa and Europe continue to see surge in imports whereas the US is able to clampdown imports with imposition of trade remedial measures.

In India also, steel production ramp-up was ahead of expected demand pick-up – crude steel production increased by 4.8%YoY in 1QFY17 whereas apparent finished steel consumption grew by only 0.4% due to sluggish demand conditions. At the same time, steel imports remained at elevated levels. Imports in March 2016, surged by ~60%. More than 50% of current imports are happening at prices below MIP levels for the respective product category. Overall imports into India have fallen by only ~1/3rd from pre-MIP level as against expectations of a 50% drop. Therefore, widening of MIP scope, effective implementation, monitoring and extension of MIP provisions is imperative for the health of the steel industry.

Indian economic growth continues to improve gradually. Normal monsoons and 7th Pay Commission awards are likely to drive consumer discretionary spending going forward. However, Government's measures to pump prime the economy and progress on various policy reforms are key to drive an uptick in steel demand growth.

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 interests in mining, carbon steel, power, industrial gases, ports and cement. JSW Steel Limited is engaged in manufacture of flat and long products viz. hot rolled coils, cold rolled coils, galvanised products, galvalume products, colour coated products, auto grade / white goods grade flat products, bars and rods. Incorporated in 1994, 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.



Forward looking and Cautionary Statements:

Certain statements in this release concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition within Steel Industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our internal operations, reduced demand for steel, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which – has made strategic investments, withdrawal of fiscal governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. 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.

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