PRESS RELEASE

FINANCIAL RESULTS FOR SECOND QUARTER & FIRST HALF FY 2016-17

Low Demand, High Raw Material prices & a prolonged Monsoon Impact Performance

- *13% Consolidated Steel Production Growth YoY*
- *12% Consolidated Steel Sales Growth YoY*
- *83% Pellet Sales Growth YoY*
- *8% EBITDA growth in JPL YoY*
- *Coking coal mining in Australia & Mozambique resume full scale production*

JSPL Standalone 2QFY17 Performance:

- Crude Steel Production: 0.88 million tonnes
- Steel Sales: 0.81 million tonnes
- Turnover: Rs. 3,126 Cr
- EBITDA: Rs. 531 Cr (margin 17%)

JSPL Consolidated 2QFY17 Performance:

- Crude Steel Production: 1.16 million tonnes
- Steel Sales: 1.08 million tonnes
- Turnover: Rs. 4,666 Cr
- EBITDA: Rs. 848 Cr (margin 18%)

A. Steel – Standalone and Consolidated

As a consequence of tepid demand during the monsoon period and maintenance/overhaul shutdowns of DRI plants in both Angul and Oman, JSPL's standalone steel business witnessed a subdued performance in 2QFY17. Drop in demand resulted in contraction of net steel realizations across the product range. Parallely, raw material prices, contrary to the trend in demand of finished steel, continued to rise causing further erosion in EBITDA levels

Production

During the quarter, Standalone steel sales stood at 0.81 MT (vs. 0.78MT in 2QFY16) while production stood at 0.88MT (vs. 0.85MT in 2QFY16). Consolidated Steel production was at 1.16 MT (up 13% YoY) and Consolidated Steel Sales stood at 1.08 MT (up 12% YoY).

With continued increase in pellet prices, JSPL increased its pellet production by 28% YoY and produced 1.61 MT in 2QFY17 (as compared to 1.25MT in 2QFY16). The pellet prices in global markets during the quarter ranged between US$60 to US$92 China CFR and JSPL's combined external sales including domestic and export sales, was 0.73 MT. JSPL is now the largest exporter of pellets from India.

Financial

With effect from 1st April, 2016, this quarter, the Company has adopted the Indian Accounting Standard (Ind-As) and the financial results for the quarter ended 30th June' 2016 & 30th Sept' 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 thereafter). The results for the quarter ended 30th June 2015, 30th Sept' 2015, 31st March 2016 and year ended 31st March 2016 have been restated to comply with Ind-As to make them comparable.

Standalone turnover of JSPL in 2QFY17 was Rs. 3,126 Cr compared to Rs. 3,175 Cr in 2QFY16 while Standalone EBITDA in 2QFY17 stood at Rs. 531 Cr, down from Rs. 636 Cr in 2QFY16, primarily due to lower realizations than same period last year. Consolidated turnover in 2QFY17 stood at Rs. 4,666 Cr, compared to Rs. 4,736 Cr in 2QFY16.

JSPL Consolidated EBITDA in 2QFY17 was at Rs. 848 Cr (vs. Rs. 1,002 Cr in 2QFY16) as EBITDA margins contracted to 18% from 21%, on back of lower realizations.

The Company's consolidated net debt as on 30th Sept' 2016 was maintained at similar levels as of previous quarter. JSPL is committed to meet all its debt commitments and the Company is aiming to bring down the annual cash outflow in terms of repayments and interest by utilizing various schemes provided by the government, including but not limited to 5/25, 75:25 and S4A. For its overseas debt, the Company is in constant discussions with its lenders to restructure and refinance its loans.

B. Jindal Power Ltd (JPL)

The quarter ended Sept' 2016 continued to witness low power demand across the country and merchant rates trending low. This impacted PLFs of EUP I, which stood at 51% (compared to 60% in 2QFY16). EUP II & III ran at a PLF of 30% (vs. 35% in the same period last year). JPL on a consolidated level generated 2,313 MU in 2QFY17 as compared to 2,728 MU in 2QFY16 and 2171 MU in 1QFY17.

JPL generated revenues of Rs. 734 Cr (Rs. 893 Cr in 2QFY16) and EBITDA of Rs. 182 Cr (up 8% YoY).

C. Global Ventures

a) **Oman:** Jindal Shadeed produced 0.28 MT of crude steel in 2QFY17 (as against 0.35 MT in 1QFY17). Of this, 0.10 MT was rolled into rebars. Due to the subdued global steel prices during 2QFY17, the margins in our Oman operations compressed to almost half as compared to previous quarter. The reduced production volumes were due to a planned shutdown which led to a further decline in the EBITDA which stood at US$13.22 mn (Vs US$17.54 mn in 2QFY16).

b) **South Africa:** Anthracite production continued in South African mines, with a 50% hike in capacity, reporting a higher EBITDA on the back of higher coal prices.

c) **Australia:** 2QFY17 quarter marked a turnaround in JSPL's Australian operations generating positive EBITDA, on back of rising coking coal prices. The mine produced 0.04 MT in 2QFY17 and is gradually ramping up production using contractors with a target to produce 100 KT/month. The increased profitability will also aid the Company to meet its overseas debt obligations.

d) **Mozambique:** Coal production from Company's mines in Mozambique has been resumed and JSPL is targeting a production of 250KT/month by end of this fiscal year. The mines in Mozambique are expected to achieve a major turnaround during the coming quarters.

D. Key Updates : -

1) **Angul Completion –** Angul Phase 1-B is in advance stage of completion and is expected to be commissioned by end of this fiscal year. The coke oven plant is already completed and has been lit up while the other structures are coming up progressively. The cold trials for the Blast Furnace should commence during 4QFY17.

2) **On Select Court cases -**

   a. **Regarding the issue of transportation of Iron Ore lumps & fines of JSPL –** The case for transportation of iron ore lumps & fines belonging to JSPL is subjudice before the Hon'ble Supreme Court of India. It is to be noted that the Company had earlier secured an order from the Hon'ble High Court of Odisha, which granted the permission to lift the iron ore lumps & fines to JSPL. The said order, however, has been stayed by the Hon'ble Supreme Court of India. The next hearing for the case is listed for 18th January' 2017.

   b. **Regarding the issue of declaration of JPL as the successful bidder with respect to the auction of Gare Palma IV/2 & 3 and Tara coal mines –** The Company awaits a final verdict of the Hon'ble High Court of Delhi on these matters.

3) **World Steel Association Award –** During the quarter, Mr. Naveen Jindal, Chairman, JSPL received the 'Steelie Award 2016' for being the "Industry Communicator of the Year".

E. Overview and Outlook: -

Steel

Global Steel demand appears to be seeing a modest growth once again and the World Steel Association is predicting a demand growth of 0.5% in CY2017 as compared to a demand contraction of 3% in CY2015. Resilience in Chinese demand and recent data coming out of US, with housing starts at their highest level since 2007 & Architectural Billing Index data crossing 50, further provide credence to the forecasts.

India should remain one of the fastest growing amongst the global steel markets, with domestic demand growing at 5% and protectionist measures in place. With shrinking imports and growing exports, primary producers of steel are expected to see a double-digit growth in their production volumes during FY17. Government push on civil & rail infrastructure, steel structure based housing and bridges and development of more urban centers across India should bear well for the long product demand in the country.

Although the recent demonetization may adversely impact demand for construction steel in the short term, the steel demand is expected to bounce back in early Q4. On the supply side, this change may result in curtailment of supply from the unorganized secondary rollers while on the demand side; the government spending should see a fillip with massive funds flowing into the country's financial system. The move may also lead to a rate cut which could provide further momentum to private spending on capital assets, which has nearly dried out over the past year.

Impact of increase in prices of raw materials

Although the prices of coking and thermal coal have increased dramatically, its impact on JSPL will be much less compared to competition as 70% of steel produced by JSPL is from DRI, which uses domestic coal. With the general increase in prices of steel, JSPL with its relatively low average cost is expected to improve its steels margins.

Power

On the power side, demand uptick remains a concern, which could change with UDAY easing debt burden of SEBs, to come out with more PPAs and Industrial production looking up on back of good monsoons. The rate cuts should provide impetus to more industrial activity and energy demand growth in the country.

Global Ventures

JSPL's overseas mines in Australia, Mozambique and South Africa are set to witness a major turnaround during Q3 and Q4. All mines are already in operation and their volumes are being ramped up. If the present prices of coking and thermal coal sustain at around the present level, the mining assets will contribute a significant value to Company's EBITDA performance.

Oman plant will restore to its normal production volumes during Q3 and Q4. With rebar volumes increasing and its wide acceptance in the entire Gulf market, EBITDA earnings are set to rise. The prices of rebar and semis are also expected to improve during Q3.

In all, JSPL's global ventures are expected to perform well during the coming quarters.

Overall outlook for JSPL

Positive & improving margins accompanied by volume ramp up.

STANDALONE FINANCIAL RESULTS

(Figures in Rs. Cr.)

Year on Year

Parameter	Quarter 2	
	2016-17	2015-16
Turnover	3,126	3,175
EBITDA	531	636
EBITDA %	*17%*	*20%*
Depreciation + Amortization	524	411
Interest	654	674
PBT	(647)	(448)
PAT	(407)	(310)

Quarter on Quarter

Parameter	FY 16-17	
	Q2	Q1
Turnover	3,126	3,124
EBITDA	531	659
EBITDA %	*17%*	*21%*
Depreciation + Amortization	524	489
Interest	654	601
PBT	(647)	(431)
PAT	(407)	(277)

CONSOLIDATED FINANCIAL RESULTS

(Figures in Rs. Cr.)

Year on Year

Parameter	Quarter 2	
	2016-17	**2015-16**
Turnover	4,666	4,736
EBITDA	848	1,002
EBITDA %	*18%*	*21%*
Depreciation + Amortization	999	844
Interest	872	765
PBT	(1,021)	(1,045)
PAT	(747)	(986)

Quarter on Quarter

Parameter	FY 16-17	
	Q2	**Q1**
Turnover	4,666	4,687
EBITDA	848	1,015
EBITDA %	*18%*	*22%*
Depreciation + Amortization	999	917
Interest	872	853
PBT Before Exceptional	(1,021)	(755)
Exceptional Item	-	(626)
PBT	(1,021)	(1,381)
PAT	(747)	(1,240)

PRODUCTION (Consolidated)

Year on Year

Product (Million MT/kWh)	Quarter 2		Growth (%)
	2016-17	2015-16	
Steel*	1.16	1.03	13%
Pellets	1.61	1.25	28%

Half Year

Product (Million MT/kWh)	Half Year		Growth (%)
	2016-17	2015-16	
Steel*	2.35	2.12	11%
Pellets	3.17	2.37	34%

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

SALES (Consolidated)

Year on Year

Product (MT)	Quarter 2		Growth (%)
	2016-17	2015-16	
Steel Products*	1.08	0.97	12%
Pellets (External sales) (excl. Oman)	0.73	0.40	83%

Half Year

Product (MT)	Half Year		Growth (%)
	2016-17	2015-16	
Steel Products*	2.19	1.99	10%
Pellets (External sales) (excl. Oman)	1.43	0.49	190%

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

JINDAL STEEL & POWER

JINDAL POWER LIMITED (JPL)

(A SUBSIDIARY OF JSPL)

Year on Year

Particulars	Quarter 2	
	2016-17	2015-16
Turnover	734	893
EBITDA	182	168
EBITDA%	*25%*	*19%*
PBT	(246)	(160)
PAT	(205)	(153)
Depreciation + Amortization	354	312
Cash Profit	107	142
Generation (million units)	2,313	2,728
PLF (%) - 4X250 MW	51%	60%
PLF (%) - 3X600 MW	30%	35%

Quarter on Quarter

Particulars	2016-17	
	Q2	Q1
Turnover	734	668
EBITDA	182	182
EBITDA%	*25%*	*27%*
PBT	(246)	(217)
PAT	(205)	(217)
Depreciation + Amortization	354	322
Cash Profit	107	104
Generation (million units)	2,313	2,171
PLF (%) - 4X250 MW	51%	51%
PLF (%) - 3X600 MW	30%	27%

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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 , time and cost overruns on fixed – price, our ability to manage our operations, reduced demand for steel , power etc., 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. The numbers & statements in this release are provisional in nature and could materially change in future, based on any restatements or regrouping of items etc.