

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

Mumbai, India: JSW Steel Limited ("JSW Steel" or the "Company") today reported its results for the Second Quarter and the Half Year ended 30th Sep, 2016 ("2Q FY2017" or the "Quarter" and "1H FY2017" or the "Half year").

Key highlights of the quarter:
Standalone Performance:

- Highest ever quarterly Crude Steel production: 3.98 million tonnes, up by 22% YoY
- Highest ever quarterly Saleable Steel sales: 3.84 million tonnes, up by 20% YoY
- Total income from operations: ₹13,357 crores
- Operating EBITDA: ₹2,718 crores

Consolidated Performance:

- Total income from operations: ₹14,421 crores
- Operating EBITDA: ₹2,959 crores

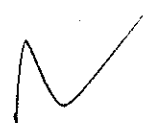
Operational Performance:

The current quarter was marked by ramping up and stabilization of the recently re-commissioned Blast Furnaces at Vijayanagar and Dolvi. As a result, crude steel production grew by 22%YoY to 3.98 million tonnes in 2Q FY2017. At the same time, saleable steel sales volume increased by 20%YoY to 3.84 million tonnes as the company increased exports in a seasonally slow period of demand in the domestic markets (due to monsoon). Not only this, the Company focused its efforts towards increasing value added & special products sales, which grew by 20%YoY, and branded steel products' sales also grew by 11%YoY in this period. The details of production and sales volumes are as under:

Particulars	(Million tonnes)					
	2Q FY2017	2Q FY2016	%YOY Growth	1H FY2017	1H FY2016	%YOY Growth
Production: Crude Steel	3.98	3.25	22%	7.85	6.65	18%
Sales:						
- Rolled: Flat	2.80	2.50	12%	5.28	4.91	8%
- Rolled: Long	0.81	0.65	24%	1.55	1.28	21%
- Semis	0.23	0.03	582%	0.35	0.11	217%
Total Saleable Steel	3.84	3.19	20%	7.17	6.29	14%

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 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 thereunder). The results for the quarter & half year ended 30th Sept 2015, and year ended 31st March 2016 have been restated to comply with Ind-AS to make them comparable.

Standalone Financial Performance:

JSW Steel recorded total income from operations for the quarter ₹13,357 crores. The Operating EBITDA for the quarter stood at ₹2,718 crores, up by 58%YoY primarily driven by higher volumes, lower input costs and better operating efficiencies, with an EBITDA margin of 22.2%. The net profit after tax stood at ₹672 crores for the quarter.

Gearing (Net Debt to Equity) at the end of the quarter stood at 1.75x (as against 1.85x at the end of 1Q FY2017) and Net Debt to EBITDA stood at 4.41x (as against 5.13x at the end of 1Q FY2017).

Subsidiaries Performance:

JSW Steel Coated Products:

During the quarter, JSW Steel Coated Products registered a production (Galvanised/Galvalume products) volume of 0.45 Million Tons and sales volume of 0.44 million tonnes. Total income from operations and Operating EBITDA for the quarter stood at ₹2,389 crores and ₹167 crores, respectively. Net Profit after Tax was ₹79 crores for the quarter.

US Plate and Pipe Mill:

The US based Plate and Pipe Mill facility produced 48,787 net tonnes of Plates and 12,249 net tonnes of Pipes, reporting a capacity utilization of 20% and 9%, respectively, during the quarter. Sales volumes for the quarter stood at 30,925 net tonnes of Plates and 12,564 net tonnes of Pipes. It reported an EBITDA of \$0.22 million for the quarter.

JSW Industrial Gases Private Limited (JIGPL):

In August, 2016, JSW Steel acquired the entire shareholding of 74% of Praxair India Private Limited in JSW Praxair Oxygen Private Limited (JPOPL) for a cash consideration of ₹240 crores pursuant to an approval by its Board of Directors. As a result, JPOPL has now become a wholly owned subsidiary of the Company. The name of this entity has been changed to JSW Industrial Gases Private Limited (JIGPL) with effect from 30th September 2016. The company sources Oxygen, Nitrogen and Argon gases from JIGPL for its Vijayanagar Plant.

The Company has consolidated JIGPL as an associate (under equity method of accounting) up to 15th August 2016 and as its subsidiary w.e.f. 16th August 2016 in the Consolidated Financial Statements.

Consolidated Financial Performance

JSW Steel recorded Total income from operations ₹14,421 crores for the quarter. Consolidated Operating EBITDA for the quarter surged by 65% YoY to ₹2,959 crores. The Company posted a consolidated Net profit after Tax of ₹726 crores for the quarter, after incorporating the financials of subsidiaries, joint ventures and associates.

Net gearing (Net Debt to Equity) at consolidated level was 2.15x at the end of the quarter (as against 2.27x at the end of 1Q FY2017), and Net Debt to EBITDA at consolidated level stood at 4.82x (as against 5.69x at the end of 1Q FY2017).

Other key updates:

Iron Ore Mines in Karnataka:

The Company has been declared a "Preferred Bidder" for 5 Mines in the Auctions for Category 'C' Mines conducted by the State Government of Karnataka in October 2016. These mines have estimated resource of about 111 million tonnes as per the tender document. The Company endeavor to commence mining operations at these mines in due course after completing all the requisite steps as per the tender document and seeking all the statutory clearances per due process.

World Steel Association Award:

During the quarter, the Company received 'Steelie Award 2016' (in the innovation category) by the World Steel Association "for the development of advanced high strength automotive steels with speed and innovation".

Stock Split:

With an objective to make the Company's equity shares more affordable to the small investors and to boost the liquidity of the shares, the Board of Directors of the Company have approved to sub-divide (split) the equity shares of the Company having a face value of ₹10/- (Ten only) each into ten equity shares of face value of ₹1/- (One Only) each. The sub-division of equity shares will be subject to approval of the shareholders and any other statutory and regulatory approvals. There will be no change in the authorised and paid up share capital of the Company post this shares split.

Outlook:

Global economic growth outlook for CY2016 remains range-bound at 3.1%. The International Monetary Fund (IMF) has revised down its CY2016 growth projections for advanced economies to 1.6% primarily due to weaker growth in the US. Recent print and sustained accommodative policy stance indicate that the US growth recovery continues to moderate. While the Euro area growth trajectory continues to be supported by an expansionary monetary policy and subdued commodity prices, uncertainty around the impact of 'Brexit' remains an area of concern. Japan's economic growth was weaker in 2QCY16 and it continues to be weighed down by weaker external demand and private investment.

The IMF has marginally increased its CY2016 growth projections for the emerging market and developing economies to 4.2%. However, the outlook for these economies is uneven. The growth in emerging Asia, and especially India, continues to be resilient but Sub-Saharan African economies are experiencing a sharp slowdown due to lower commodity prices. China growth rate remains within the official target range of 6.5%-7.0%, but rebalancing and associated spill-overs continue to be pertinent.

Global steel production, after remaining flat in 2QCY16, grew by 1.7%YoY in 3QCY16 amidst weak demand. Steel production in China grew by 3%YoY during the quarter. With a surge in production not being supported by domestic demand, exports from steel surplus countries like China, Japan, Korea and Russia continue to flood global steel markets. The Japanese/Korean exports continue to be at a sharp discount to their domestic market prices.

In recent months, steel spreads have seen a compression as coking coal prices have surged sharply on the back of tightness in physical markets. As coal supply normalises, coal prices are not likely to sustain at such high levels over the medium term. At the same time, steel prices in Asia and Europe have started moving up in recent weeks – reflecting a movement in raw material prices.

In India too, steel production ramp-up was faster than demand improvement. In 1HFY2017, crude steel production increased by 7.5%YoY whereas apparent finished steel consumption grew by 3.6%YoY. At the same time, the steel imports have come down by only 35% against expectations of a 50% decline, despite initiation of various trade remedial measures by the government. Therefore, progress on effective trade remedial measures is imperative for the health of the industry.

Indian steel demand growth outlook is gradually improving. Government spending data, thrust on renewable energy sector, better credit deployment in the roads sector, higher than budgeted Railway Capex, and robust port traffic growth point towards an improving demand environment. Normal monsoon and Seventh Pay Commission awards are likely to drive consumer discretionary spending in the on-going festive season.

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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