

PRESS RELEASE

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JSW STEEL INKS DEVELOPMENT AGREEMENT WITH WEST BENGAL GOVERNMENT

Kolkata, January 11, 2007: JSW Steel Limited is currently operating a 3.8 MTPA steel plant in the State of Karnataka and is in the process of expanding its capacity to 6.8 MTPA by FY 2008-09. Recognizing the rapid industrial growth in the country, inherent competitive strengths India possess to set up additional steel capacities and the impending buoyancy in the steel demand, JSW Steel Limited proposes to expand organically by setting up incremental capacities in other parts of India. As a part of this strategy, JSW Steel has executed a Development Agreement with The Government of West Bengal, West Bengal Industrial Development Corporation Limited (WBIDC) West Bengal Mineral Development and Trading Corporation Limited (WBMDTC) for setting up a 10 MTPA steel plant in suitable phases.

Synopsis of Development Agreement

This agreement has certain unique features defining the deliverables from each of the parties in a time bound manner. While JSW Steel Limited is committed to implement and operate this project, the West Bengal Government committed / agreed to facilitate the provision of land, utilities, coal linkages and other raw material, statutory clearances in an expeditious manner. JSW Steel is going to implement and operate this project through a special purpose joint venture company. This Development Agreement interalia includes:

- Incorporating a special purpose joint venture company with WBIDC, WBMDTC with an initial paid up and authorized capital of Rs.100 crores to be held 89% by JSW group (part of OP Jindal group) and balance by WBIDC and WBMDTC, to be increased at a later stage based on the financing structure.
- The shareholders Agreement will be executed within 6 months from the date of execution of Development Agreement.
- The JV company shall endeavor to complete the Phase I (3 MTPA) in 4 years and expand to 10 MTPA in suitable phases in 12 years from the date of execution of the Agreement at an estimated cost of Rs.35,000 crores.
- Government of West Bengal is committed to provide support, co-operation in acquiring land, coal linkages, water, infrastructure facilities, construction power, statutory clearances, transportation linkages etc. in a time bound manner.
- The joint venture company's obligations also include providing rehabilitation and resettlement package through a series of corporate social responsibility initiatives.

This Development Agreement underscores the importance the West Bengal Government is giving for the accelerated industrial Development of the State in a focused manner.

Brief Profile of the Project

Integrated steel plant along with captive power plant and other related facilities is to be set up at Godapisal in West Midnapur district in the State of West Bengal. This project will be implemented in suitable phases, the first phase being 3 MTPA to be completed within 4 years from the date of execution of Development Agreement.

The project will help in accelerating the pace of industrial development in the State of West Bengal by creating employment, infrastructure and in utilizing the mineral reserves viz. coal.

JSW Steel is poised to consolidate its position as one of the dominant players in the Indian steel industry with the signing of this Development Agreement with the Government of West Bengal considering the assurance of reliable coal utilities, transportation linkages for the project, prospects of expeditious development and implementation of the project and unstinted support from West Bengal Government.

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