



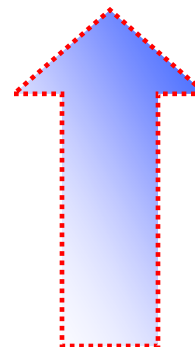
JSW Steel Posts Net Profit of Rs.328.18 Crores in Q3 FY 2008

JSW Steel Limited posted a net profit of Rs.328.18 Crores on total net sales of Rs.2563.08 Crores with an EBIDTA margin of 29.8%. While the input cost shot up due to surging prices of iron ore, coke and ferro alloy at the same time, the Company achieved an EBIDTA of 773.39 Crores due to 13% growth in volume of sales and better efficiency.

Q3 FY 08 Vs Q3 FY 07

Growth

➤ Volume growth (Crude Steel Production):		15%
➤ Saleable Steel sold	:	13%
➤ Net sales	:	12%
➤ Sales Realisation (Blended)	:	4%
➤ Cost of production (Blended)	:	15%



The Operational Performance of the Company indicated an increase in cost of iron ore and imported coke which went up by 75% and 57% respectively compared to the corresponding quarter of last year, yet the Company achieved further efficiencies in yield and other operational parameters like ; fuel consumption, fluxes consumption, LD gas recovery, power consumption, etc. These efficiencies along with an increase of 4% in realization and the

favourable sales mix aided the Company to neutralize the cost push impact to a certain extent.

(Million Tons)

Products	Q3 FY 08	Q3 FY 07	<u>Growth</u>	Cum Dec'07	Cum Dec'06	<u>Growth</u>	v/s
			Q3(08) v/s Q3(07)			Cumm Dec'07	
Production :							
- Pellets	0.962	0.955	1%	2.885	2.939	-2%	
- Crude Steel	0.841	0.730	15%	2.331	1.939	20%	
- HR Coils/Sheets	0.686	0.648	6%	2.009	1.502	34%	
- GP/GC	0.190	0.201	-6%	0.577	0.532	9%	
- Colour Coated	0.022	0.016	37%	0.070	0.033	110%	
- HR Plates	0.060	0.038	59%	0.161	0.125	29%	
Sales :							
- Pellets	0.004	0.057	-93%	0.221	0.162	37%	
- Slabs	0.067	0.021	215%	0.120	0.291	-59%	
- HR Coils/Sheets	0.428	0.413	4%	1.261	0.919	37%	
- GP/GC	0.174	0.184	-6%	0.487	0.487	0%	
- Colour Coated	0.023	0.015	52%	0.063	0.029	115%	
- HR Plates	0.060	0.034	75%	0.149	0.110	35%	
Saleable Steel	0.775	0.688	13%	2.140	1.890	13%	

GP/GC volumes were lower, as the Company took shut-down of one of the Galvanizing lines during the quarter for converting into Galvalume facility. This plant was re-commissioned in January 2008. The pellets were consumed captively to produce increased crude steel during the year, hence surplus for sale in the market was considerably reduced.

The **Financial Performance** indicated the interest cost lower by 14% relative to corresponding quarter of last year as the Company could reduce its weighted average cost of borrowings to 7.73% as on December 31, 2007 (8.14% on March 31, 2007). The adjusted debt gearing was 0.74 and the Company repaid Rs.285 Crores during the quarter (Rs.764 Crores during FY 2007-08).

The Company announced the consolidated financial results including US operations where it achieved consolidated Net Revenue of Rs.2841.90 Crores, EBIDTA of Rs.793.70 Crores and a net profit of Rs.270.06 Crores. The consolidated net profit was lower relative to that of stand alone Company mainly due to unrealised contribution on Slabs / Coils attributable to the outstanding inventory supplied to US / UK operations which would only accrue on sale in the following Quarter.

The **Status of projects and implementation** are at various stages of execution.

Cold Rolling Complex 1 MTPA - The Company has commissioned 1 MTPA CR Complex in September 2007 and produced 30590 tons from Pickling line and 12506 tons from Cold rolling mill during the quarter. The mill is picking up capacity ramp up and is expected to show higher level of production in the coming quarters.

2.8 MTPA Expansion Project to increase overall capacity to 6.8 MTPA -The project implementation is on fast track and is ahead of schedule relative to that of targeted commissioning date of March 2009. This project will be commissioned in phases in the calendar year 2008.

HSM Phase II Modernization Project to increase capacity from 2.5 to 3.2 MTPA, New HSM Project and 3.2 MTPA Crude steel expansion project - These projects will be commissioned as per schedule.

Beneficiation plant 20 MTPA - The Company commenced implementation of phase I (10 MTPA) which will be commissioned during the calendar year 2008.

Key Developments

Scheme of Amalgamation of Southern Iron and Steel Company Limited (“SISCOL”) with JSW Steel Limited (“JSWSL”) and their respective shareholders and creditors:

The shareholders of both the Companies approved the Scheme in the Court Convened meeting held on 28th December 2007 and the petition is coming up for final hearing in the Hon’ble High Court of Mumbai on 15th February 2008.

Acquisition of 300 MW power plant from JSW Energy Vijayanagar Limited (JSWEVL).

As there are certain practical difficulties in separating the 300 MW facility from the total integrated 600 MW capacity of JSWEVL for creating security in favour of lenders after acquisition, the Board has decided not to pursue the acquisition of 300 MW power plant from JSWEVL. However, to meet the entire requirement of power captively at 10 MTPA capacity, it is decided to set up another 300 MW power plant at an estimated cost of Rs.825 Crores to be financed by way of debt of Rs.550 Crores and balance out of cash accruals to be commissioned by October 2010.

Steel Plant in West Bengal

The Company has announced implementation of Steel plant with an annual capacity of 10 MTPA in phases in the State of West Bengal. The Company has made significant progress in acquiring the land, tying up critical raw materials. Considering the progress achieved, the Board has decided to set up a 6 MTPA integrated steel plant up to slab stage through its subsidiary JSW Bengal Steel Ltd. at an estimated cost of Rs.15000 Crores to be raised by way of equity Rs. 5000 Crores and debt of Rs.10,000 Crores in JSW Steel Bengal Limited. JSW Steel Limited will invest around Rs.1000-1500 Crores and the balance amount will be raised at appropriate time by way of Initial Public Offering. This project will be implemented with 3 years and is expected to be commissioned by 30.6.2011.

The **Outlook** for the global economy in 2008 is expected to show a growth of 3.7% in 2008 in spite of slow down in matured markets led by turmoil in the financial markets. This optimism originates from the fact that large fixed assets investments are taking place across all emerging economies. The strong demand and the soaring input cost led to a sharp rise recently in the finished steel prices. The negotiations for revision in the long term prices for the iron ore and coal for the year 2008 signal that there will be a sharp rise in these prices too. With this backdrop, it is expected that new highs will be seen in the steel prices in 2008.

About JSW Steel Limited

The JSW Steel Ltd., belonging to JSW group, part of the US \$ 8 billion O P Jindal Group, is one of the lowest cost steel producers in the world. The group has diversified interest in mining, carbon steel, power, industrial gases and port facilities. JSW Steel Limited is engaged primarily in manufacture of flat products viz. H R Coils, C R Coils, Galvanised products, auto grade / white goods grade CRCA Steel and Power. Incorporated in 1994, it has grown to US \$ 2.50 billion in little over a decade. JSW Steel Limited has the largest galvanizing production capacity in the country and is the largest exporter of galvanized products with presence in over 74 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.