



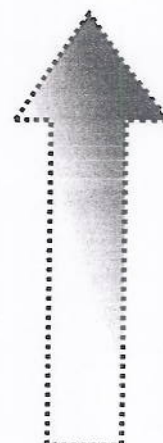
**JSW Steel reports 55% growth in Net Profit (stand alone)**

JSW reported a net profit of Rs.340.02 crores showing a growth of 55% over the corresponding quarter of the previous year, due to impressive growth in volumes and reduction in cost of production.

The Company achieved a significant volume growth of 41% in crude steel production and 62% in saleable steel during the current quarter, compared to that of corresponding quarter of the previous year. The Company also showed substantial growth of 43% and 24% sequentially in volume of production and sales respectively.

The key performance highlights are as under:

	Q1 FY 10 Vs Q1 FY 09	Q1 FY10 Vs Q4 FY09
➤ Volume growth (Crude Steel Production):	41%	43%
➤ Saleable Steel sold :	62%	24%
➤ Net sales :	6%	19%
➤ EBIDTA :	50%	96%
➤ Profit after tax :	55%	591%
➤ EPS (Diluted) :	57%	732%
➤ EBIDTA Margin :		25.2%
➤ Adj. Long term Debt gearing(Standalone):		1.17
➤ Weighted average Cost of long-term Debt:		8.23%



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### Operational Performance:

The Company took various strategic initiatives in the current quarter as explained below, to improve its volumes and profitability, which helped the Company to post an impressive performance for the quarter.

The 2.8 MTPA Crude Steel Expansion Project at Vijayanagar Works commenced commercial production from April 10, 2009 enhancing the Crude Steel manufacturing capacity to 6.8 MTPA at Vijayanagar and scaling up the overall Steel manufacturing capacity of the Company to 7.8 MTPA. The Expansion facilities stabilized quickly and achieved hot metal production of 0.52 Million tonnes (including trial production) during the current quarter, which works out to around 74% of the Installed capacity.

The various cost reduction initiatives taken by the Company, such as, reduction in fuel consumption, lower usage of fluxes, increased utilization of Corex Gas and improvement in usage of Gas from the Recovery type Coke Ovens, etc., coupled with bringing down the procurement costs of inputs, helped in significant reduction in the blended cost of production by 24% sequentially and 34% over corresponding quarter.

The Break-up of sales and production volumes are as under:

	( Million MT )		
Products	Q1 FY 10	Q1 FY 09	Growth
<b>Production:</b>			
- Crude Steel	1.376**	0.975	41%
<b>Sales:</b>			
- Semis	0.311	0.169	84%
- Rolled: Flat	0.855	0.582	47%
- Rolled: Long	0.154	0.065	136%
Total Saleable Steel	1.321**	0.817	62%

\*\* excludes 0.034 Million tonnes production and 0.023 Million tonnes of sales from trial operation from capacity expansion project.

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### Financial Performance:

The Turnover and Net Sales for the quarter stood at Rs. 4,158.51 Crores and Rs. 3,893.87 Crores, respectively, showing a growth of 4% and 6% over the corresponding quarter of previous year mainly driven by volumes in spite of steep fall of 34% in blended realizations relative to that of corresponding quarter in the previous year. The EBIDTA for the quarter was Rs.988.09 Crores inclusive of forex gains of Rs.235.92 crores and gain of Rs.3.98 crores on buy back of FCCB of face value of US \$ 2 million. The EBIDTA margin for the quarter was 25.2% as against 17.9% in the corresponding quarter.

The Company posted a Profit after Tax of Rs.340.02 crores up 55% over corresponding quarter.

The Company's adjusted long term debt gearing was at 1.17 (as against 1.24 as of 31<sup>st</sup> March 2009) and the weighted average interest cost was at 8.23% almost at the same level (8.22%) as on 31<sup>st</sup> March '09.

The Company reported Consolidated Turnover, EBIDTA and Profit after Tax of Rs.4,254.83 Crores, Rs.928.11 Crores and Rs.234.08 Crores, respectively, after incorporating the financials of subsidiaries, joint ventures and associate. The Net Profit for the consolidated Company was lower by Rs.105.94 Crores over the Net Profit of the stand alone Company mainly due to losses incurred in US operations caused by demand contraction & consequent lower capacity utilization of the Plate & Pipe Mill.

The consolidated adjusted long term debt gearing was at 1.67 (as against 1.79 as on 31.3.2009).

**Projects:**

The company commissioned captive power plant of 30MW at Tarapur unit in July 2009. The implementation of state-of-the-art new Hot strip mill and beneficiation plant at Vijayanagar works and blooming mill at Salem works is at a brisk pace to be commissioned in the current fiscal year.

The mobilization work started to expand the crude steel capacity to 10 MTPA at Vijayanagar works to be commissioned by March 2011.



## Outlook

The leading economic indicators point towards signs of early recovery signaled by slower pace of contraction in world economy. The world GDP growth projections for 2010 have been revised upwards by IMF which further corroborates the point that "The worst is over". The sentiment turned positive with waning of risk aversion as reflected by an up-tick in commodity prices, fall in volatility index, revival in capital markets, easing liquidity and narrowing TED spreads.

The global steel production has edged up to 96 million tones in May 2009 at the back of recovery in demand for steel products. India and China continue to lead the growth driven by strong domestic demand.

The growth in domestic Apparent Steel consumption in China exceeded the rise in domestic Crude Steel production turning it to be a net Importer of steel and thereby reducing the threat to other markets.

In India, GDP growth rate is revised to 6.6% on the back of up trend in the industrial production. The increased economic activity in infrastructure and construction sectors has further enhanced the prospects of growth in Apparent Steel consumption. Added to the revival in demand, the Union Budget has 'Boosters' for further growth in steel consumption due to allocation of substantial funds for various programs that will support Infrastructure spending. The proposed measures are expected to further increase the investment in Infrastructure and immensely benefit the Indian Steel Industry.

While the international Steel prices went up by over US \$ 100 per tonne from their lows, the annual long term contracts for coking coal and iron ore were finalized at reduced rates. The leading steel producers worldwide announced price hikes for flat steel products in July 2009, which is expected to improve the margins for the steel products.

As the cuts in steel production capacity in advanced countries are still in the range of 30 to 55%, any further up-tick in prices is expected to induce the marginal cost steel producers to restart the shut down capacities. Hence, further up-tick in prices on a sustainable basis in the current fiscal year is limited.

It is also relevant to note that the export of steel products from India fell by 37.8% in April to June 2009. While the imports fell marginally by 5.2% during the same period, the threat of imports with capacity re-starting looms large. When China is encouraging exports by reintroducing export rebates, other countries are stalling imports by introduction of anti dumping / safeguard measures to ensure that their domestic steel industry is not hurt. Hence, the Indian steel industry has been urging the Government to take appropriate measure to mitigate the damage of dumping of steel in-to India by various countries.

JSW Steel with its enhanced scale of operations at 7.8 MTPA, wide market presence, product range and low conversion cost, is poised to reap the benefit of strong domestic demand in the ensuing quarters.

### **About JSW Steel Limited**

JSW Steel Limited, belonging to JSW group, part of the 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, Port facilities, Aluminium, Cement and Information Technology. JSW Steel Limited is engaged in manufacture of flat and long products viz. H R Coils, C R Coils, Galvanised products, Galvalume products, auto grade / white goods grade CRCA Steel, Bars and Rods. Incorporated in 1994, it has grown to US \$ 3.5 billion in a little over a decade. JSW Steel Limited has the largest galvanizing and colour coating production capacity in the country and is the largest exporter of galvanized products 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.*

