



**JSW Steel reports Net Profit of Rs.514.23 Crores (stand alone)**

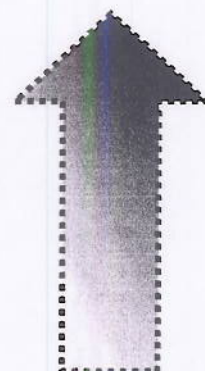
JSW Steel Ltd. Net Profit for the current quarter Q3 FY 09-10 zooms to Rs.514.23 crores, vis-à-vis net loss of Rs.127.50 Crores in corresponding quarter of the last fiscal, mainly driven by strong growth in volumes, reduction in cost and forex gains.

The plant operations at Vijayanagar Works were disrupted due to unprecedented & incessant rains followed by floods in southern part of India in October 2009. The Company achieved normal operations by December 2009. The operational performance could have been much better if the normalcy was there during October & November 2009.

In spite of this set back, the performance by the Company during the Quarter was impressive.

The key performance highlights are as under:

	<b>Q3 FY 10 Vs Q3 FY 09</b>
➤ Volume growth (Crude Steel Production):	88%
➤ Saleable Steel sold :	100%
➤ Net sales :	65%
➤ EBIDTA :	182%
➤ Operating Margin :	24.2%
➤ Profit after tax :	Rs. 514.23 Crore
➤ EPS (Diluted) :	Rs. 27.04
➤ Net Long term Debt gearing (Standalone):	1.07




**Operational Performance:**

During the quarter, the production of Rolled Products, both Long & Flat (including Value Added Flat), went up significantly compared to last fiscal & also improved sequentially. HR Coil production has reached highest levels at 0.88 Million tonnes, equivalent to 3.5 Million tonnes annualized, which is around 110% of enhanced rated capacity of 3.2 Million tonnes on modernization of Mill last year. The HR production is expected to go up further, on commissioning of new Hot Strip Mill by March 2010.

During nine months period of current fiscal, Crude Steel Production & Saleable Steel volumes have been 4.39 Million tonnes & 4.20 Million tonnes, showing a growth of 59% & 78% respectively over corresponding period of last fiscal, which is around 69% of volume guidance of 6.4 Million tonnes & 6.1 Million tonnes, respectively for FY 2010.

The domestic sales volume continued to show rising trend, constituting 84% of the total sales for current quarter as against 78% in the corresponding quarter of last year, in line with company's strategy of increased focus in the domestic markets. The no. of JSW Shoppe outlets went up to 104 and the Retail sales for the nine months period of current fiscal, through JSW Shoppe accounted for 15% of domestic sales, excluding semis.

The various cost reduction initiatives taken by the Company, such as, increased coal injection in blast furnace, lower usage of fluxes, higher captive power generation, increase in utilization of Corex Gas, usage of Gas from Recovery type Coke Ovens, reduced power consumption, etc., along with lower input costs led to reduction in blended cost of production by 31% over corresponding quarter.





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

Products	( Million tonnes )		(Million tonnes)		Growth %	
	Q3 FY10	Q3 FY09	9m FY10	9m FY09	Q3	9m
<b>Production:</b>						
- Crude Steel	1.469	0.782	4.386	2.758	88%	59%
<b>Sales:</b>						
- Semis	0.272	0.060	0.988	0.432	353%	128%
- Rolled: Flat	0.908	0.572	2.633	1.737	59%	52%
- Rolled: Long	0.245	0.079	0.579	0.197	210%	195%
<b>Total Saleable Steel</b>	<b>1.425</b>	<b>0.711</b>	<b>4.200</b>	<b>2.366</b>	<b>100%</b>	<b>78%</b>

**Financial Performance:**

The Gross Turnover and Net Sales for the quarter stood at Rs. 4,889.41 Crores and Rs. 4,587.66 Crores, respectively, showing a growth of 60% and 65% over the corresponding quarter of previous year, mainly driven by volumes in spite of lower realizations. The EBIDTA for the quarter was Rs.1,222.15 Crores including forex gains of Rs.102.55 Crores and the EBIDTA margin for the quarter was 26.5% as against 15.3% in the corresponding quarter. The Company posted a Profit after Tax of Rs.514.23 crores.

The Company's net long term debt gearing was at 1.07 (as against 1.10 as of 30<sup>th</sup> September 2009) and the weighted average interest cost was at 7.88% (as against 7.85% as at end September '09).

The Company reported Consolidated Gross Turnover, EBIDTA and Profit after Tax of Rs.5,097.76 Crores, Rs.1,182.19 Crores and Rs.429.70 Crores, respectively, after incorporating the financials of subsidiaries, joint ventures and associates.

The consolidated net long term debt gearing was at 1.53 (vis-a-vis 1.60 as on 30.09.2009).



The Company accounted Rs.86.91 Crores as insurance claim receivable during the quarter towards cost of raw material stocks washed away by floods in October 2009.

**Projects:**

The company commissioned 2 units of Beneficiation Plant of 250 tph (Phase I) during the quarter, at its Vijayanagar Works.

The implementation of state of-the-art new Hot Strip mill at Vijayanagar works and blooming mill at Salem works are progressing at a brisk pace to be commissioned in the current fiscal year.

The project execution work is progressing in full swing to expand the crude steel capacity to 10 MTPA and to set up 300 MW Power Plant at Vijayanagar Works, to be commissioned by March 2011.

**Key developments**

The Panel of Judges for "Prime Minister's Trophy 2007-08" have adjudged "JSW Steel Ltd." – the Runners Up amongst the Best performing Integrated Steel Plants in India.

The Company's Vijayanagar Works has also bagged the prestigious energy saving national award, instituted by CII – Sohrabji Godrej Green Business Centre, in the name of "EXCELLENCE IN ENERGY MANAGEMENT 2009" for the second consecutive year.

**Special Purpose Vehicle for setting up of Power Plant at West Bengal**

The Board of Directors has accorded their consent for formation of a SPV between JSW Bengal Steel Ltd. (Subsidiary of JSW Steel Ltd.) and JSW Energy Ltd., for setting up a Power Plant of 1600 MW capacity (2 x 800 MW) in West Bengal, using Thermal Coal from Ichhapur Coal Mines subject to approvals as may be required.

The JSW Bengal Steel Limited will have 26% shareholding in the SPV, so as to be entitled to 51% of power generated by the SPV, as captive consumer of power, in terms of regulations of the Electricity Act, 2003. The remaining 74% shares will be held by JSW Energy Ltd.



The total investment is about Rs. 9,680 crores, comprising of Rs. 7,680 crores for the power plant and Rs. 2,000 crores for the development of Mines. The project cost is proposed to be funded on a debt equity ratio of 3:1. The total equity and the debt will be Rs. 2,420 crores and Rs. 7,260 crores, respectively. The share of JSWBSL being a 26% stakeholder in the SPV, works out to Rs. 629 crores.

The target date for completion is 31<sup>st</sup> March 2014 for the first unit and 31<sup>st</sup> March 2015 for the second unit.

### Outlook

The recovery in world economy is gaining momentum as evidenced by rising PMI of major economies, significant improvement in Industrial Production index across economies, narrowing TED spreads, falling Credit Default spreads, improving commodity index, falling volatility index and firming stock market indices.

The capacity utilization in Global steel industry is improving with operating rates heading close to their average operating levels, on the back of a strong growth in apparent steel consumption. The end of de-stocking is expected to fuel demand in most of the advanced economies.

The strong consumption growth achieved in second half of 2009 is expected to continue in 2010 and the forecasts by WSA indicate strong world steel consumption growth of 9.2% in 2010, mainly led by China and India.

India's steel production growth has been much below the consumption levels, leading to rising imports and declining exports. The IIP has shown a robust yoy growth of 11.7% in Nov. '09, indicating sustainability of country's economic growth and inherent resilience of the Indian economy. Further, up tick in various sectors, including infrastructure, construction and Auto sectors further enhances prospects of growth in Apparent Steel consumption.

The rise in spot raw material prices for key inputs viz. iron ore and coking coal and strong demand recovery will keep the steel prices stable with upward bias.

## **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.*