



Net profit (standalone) ₹ 382 Crores on Highest ever sales in Q3

JSW Steel reported highest ever Sales both in volume and value in third quarter of FY 2010-11. The Company's flat steel production grew by 33% and rolled long steel production grew by 19% on the back of robust steel demand and with declining sale of semis.

The key performance highlights are as under:

	Q3 FY 11 Vs Q3 FY 10
➤ Volume growth (Crude Steel Production 1.636 MnT) :	11%
➤ Saleable Steel sold (Highest-ever 1.593 MnT) :	12%
➤ Net sales (Highest-ever ₹ 5771 crores) :	26%
➤ EBIDTA :	₹ 1008 crs
➤ Profit after tax :	₹ 382 crs
➤ Net Debt gearing (Standalone) :	0.47
➤ Net Debt gearing (Consolidated) :	0.74



Operational Performance:

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

	(Million MT)		(Million MT)		Growth %	
Products	Q3 FY11	Q3 FY10	9M FY11	9M FY10	Q3	9M
<u>Production:</u>						
- Crude Steel	1.636	1.469	4.780	4.386	11%	9%
<u>Sales:</u>						
- Semis	0.077	0.272	0.270	0.988	-72%	-73%
- Rolled: Flat	1.240	0.908	3.314	2.633	37%	26%
- Rolled: Long	0.276	0.245	0.783	0.579	13%	35%
Total Saleable Steel	1.593	1.425	4.367	4.200	12%	4%

During the quarter, sales of flat rolled products was the quarterly highest at 1.240 million tons, mainly due to additional production from the Phase I (3.5 MTPA) of the state-of-the-art largest and widest new Hot Strip Mill at Vijayanagar, which commenced commercial production from April 10, 2010. Consequently, the Company achieved favorable product-mix by reducing semis (cast products) sales.

The domestic sales constitutes 88% of the total sales volumes as against 84% in the corresponding period of last year which is in line with company's strategy of increased focus in the domestic market. This has been aided by higher sales through JSW Shoppe. The retail sales through Shoppe accounted for 26% of domestic sales excluding semis.

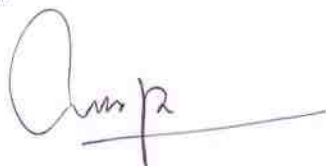
Financial Performance:

The turnover and net sales for the quarter stood at ₹ 6,286.46 Crores and ₹ 5,771.42 Crores, respectively, showing a growth of 29% and 26% over the corresponding quarter of previous year, mainly driven by better product-mix and volumes. The EBIDTA for the quarter was ₹ 1,008.06 Crores (including Fx translation gain of ₹ 7.89 crores) and the EBIDTA margin for the quarter was 17.4%. The Company posted a Profit after Tax of ₹ 382.30 Crores.

The Company repaid rupee term loans of ₹ 505 Crores during the quarter. The Company's total net total debt gearing was at 0.47 (as against 0.48 as of 30th September 2010) and the weighted average interest cost of Debt was lower at 6.94% (as against 7.08% as of 30th September, 2010).

The Company reported Consolidated Turnover, EBIDTA and Profit after Tax of ₹ 6,479.85 Crores, ₹ 1,020.24 Crores and ₹ 291.72 Crores, after incorporating the financials of subsidiaries, joint ventures and associate.

The consolidated net total debt gearing was at 0.74 (as against 0.80 as on 30th September, 2010).



Projects:

Ongoing projects :

The 3.2 MTPA expansion project at Vijayanagar Works is progressing in full swing to expand the overall crude steel capacity of the Company to 11 MTPA by March 2011. During the quarter the Company has started its Ladle Heating Furnace-3, Converter-3 and Caster-4 facilities as part of this expansion project. This is in addition to 300MW captive power plant (CPP 3) and two blocks out of four blocks of Coke Oven-4 which commenced operations during Q2 2010-11.

The implementation of another 300 MW Captive Power Plant (CPP4) at Vijayanagar Works is also progressing satisfactorily, to be commissioned in FY 2012.

New Cold Rolling Mill Complex :

To move up in the value chain and increase its market share in niche market segments, the Company is planning to set-up a new Cold Rolling Mill Complex of 2.3 MTPA in two phases at its Vijayanagar works. The proposed complex will have 2.3 MTPA of Pickling cum coupled tandem cold rolling mill, 1.9 MTPA (two lines of 0.95 MTPA each) of State of the art Continuous Annealing lines and 0.4 MTPA of Galvanising cum Galvannealing line.

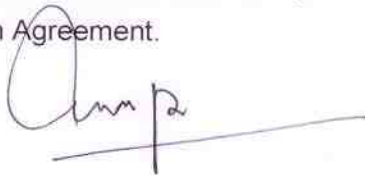
Total investment is about Rs. 4,025 crores, and is proposed to be funded by a debt equity ratio of 2:1. Total internal accruals and debt will be Rs. 1,350 crores and Rs. 2,675 crores, respectively.

The target date of completion is Q1 2013-14 for Phase-I and Q1 2014-15 for Phase-II.

Key developments :

1. Issue of Equity shares and GDR to JFE Steel Corporation, Japan (JFE)

During the quarter, the Company has received from JFE Rs. 146.69 Crores towards the preferential allotment of 9,77,906 equity shares and Rs. 462.87 Crores towards the issue of 30,85,814 privately placed Global Depository Receipts (GDRs) issued to JFE pursuant to the Subscription Agreement.



2. Status on acquisition of Ispat Industries Ltd. (IIL) :

The Board of Directors of the Company, in its meeting held on December 20, 2010, had approved to subscribe to 10,866,49,874 equity shares of Ispat Industries Limited (IIL), by way of a preferential allotment at a price of Rs. 19.85 per share for an aggregate subscription amount of Rs.2,157 Crores. The said Equity Shares have been allotted to the Company on 24th January 2011, resulting in 45.53% stake of the Company's in IIL.

In terms of SEBI (STAT) Regulations 1997, the Company will make a mandatory open offer to the shareholders of IIL following the approval of SEBI.

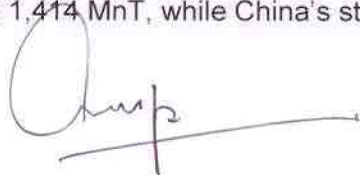
3. Acquisition of 0.5 MTPA proposed integrated steel plant assets of 'BELLARY STEEL AND ALLOYS LIMITED' (BSAL) :

In September 2010, IFCI Ltd., representing lenders took over the possession of properties of BSAL, under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI) and subsequently issued notice for the sale of assets of BSAL.

The Company has been successful under the Tender Process with its bid of Rs.210 crores being the highest bid for the assets of BSAL. The Company has paid final consideration aggregating to Rs.210 crores towards the acquisition of Freehold Land admeasuring 700 acres, building and plant & machinery of the partially completed 0.5mtpa integrated steel plant. The Company has not taken over any of the liabilities of BSAL and it is only 'Assets Purchase'. The Company is yet to obtain possession of these assets due to certain pending litigations.

Outlook

2010 reflected recovery and revival across most of the economies after witnessing the pain and panic of the 2008 financial crisis. Advanced Market Economies (AME's) showed a mix of higher volatility and moderate recovery while Unemployment, Debt and Deficit continued to remain challenges. On the other count, Chinese Economic growth remained robust @ 10.3% in 2010 fuelled by rising investments (+23.8%). Global Steel Production has grown by 15% at 1,414 MnT, while China's steel production is up by 9.3% to 627 MnT.



Economic recovery is expected to continue its positive momentum across most of the economies. China, with its 12th Five Year Plan to commence from 2011 onwards, is slated to shift focus from growth to income distribution while encouraging Energy Efficiency, Emission Reduction, Resource Conservation including social aspects. China would intensify focus exploring domestic demand and restructuring of steel industry coupled with elimination of inefficient and marginal capacities. Rest of the World is slated to witness improved Growth led by expanding Investments and consumption with an improving global trade, even though inflation is a challenge for most of emerging economies to address keeping the growth momentum intact. Steel sector is expected to see a robust demand and higher price realization driven mainly by restocking and surging input cost.

About JSW Steel Limited

JSW Steel Ltd., 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 \$ 5 billion in 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.

